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1992 BUDGET EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS

VOLUME 2

**Animal and Plant Health Inspection Service
Agricultural Marketing Service
Funds For Strengthening Markets,
Income, and Supply (Section 32)
Federal Grain Inspection Service
Agricultural Cooperative Service
Packers and Stockyards Administration
Food Safety and Inspection Service**

**Economic Research Service
National Agricultural Statistics Service
World Agricultural Outlook Board**

**Office of International
Cooperation and Development
Foreign Agricultural Service
Public Law 480
Agricultural Stabilization and
Conservation Service
Commodity Credit Corporation**

**Human Nutrition Information Service
Food and Nutrition Service**

General Provisions

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ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Purpose Statement

The Animal and Plant Health Inspection Service (APHIS) was established by the Secretary of Agriculture on April 2, 1972, under the authority of the Reorganization Plan No. 2 of 1953 and other authorities. The primary mission of APHIS is to protect the animal and plant resources of the Nation from diseases and pests in order to preserve the marketability of U.S. agricultural products within this country and abroad. The mission is carried out under five major functional components:

1. Pest and Disease Exclusion: The Agency conducts inspection and quarantine activities at U.S. ports-of-entry to prevent the introduction of exotic animal and plant diseases and pests. The Agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.
2. Plant and Animal Health Monitoring: The Agency conducts programs to assess animal and plant health and to detect endemic and exotic diseases and pests.
3. Pest and Disease Management Programs: The Agency carries out programs to control and eradicate infestations and animal diseases that threaten the United States; reduce agricultural losses caused by predatory animals, birds, and rodents; provide technical assistance to other cooperators such as States, counties, and farmer or rancher groups, and foundations; ensure compliance with interstate movement and other disease control regulations within the jurisdiction of the Agency.
4. Animal Care: The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments which handle animals intended for research, exhibition, and as pets, and monitoring of certain horse shows.
5. Scientific and Technical Services: The Agency performs other regulatory activities, including the development of standards for the licensing and testing of veterinary biologicals to ensure their safety and effectiveness; diagnostic activities in support of the control and eradication programs in other functional components; applied research aimed at reducing economic damage from vertebrate animals; development of new pest and animal damage control methods and tools; and regulatory oversight of genetically engineered products.

As of September 30, 1990, there were 5,006 permanent full-time employees and 1,211 other than permanent full-time employees. Of the total, 868 permanent full-time employees and 56 other than permanent full-time employees work in central offices in the Washington metropolitan area. The field activities are managed on a national basis through 10 regional offices and 119 field offices. Much of the work is conducted in cooperation with State and local agencies, private groups, and foreign governments. Most of the Service's work is conducted at field locations in the 50 States, Puerto Rico, Virgin Islands, Mexico, Central America, the Caribbean, Western Europe, Asia, and Africa.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
<u>Appropriated:</u>						
Salaries and Expenses....	\$288,898,000	3,678	\$309,852,000	3,723	\$301,980,000	3,615
Emergency transfers (CCC)	38,256,000	124	7,835,000	--	--	--
Cattle tick funds.....	--	--	10,825,000	--	10,825,000	--
Buildings and Facilities.	13,608,000	--	21,396,000	--	23,400,000	--
	340,762,000	3,802	349,908,000	3,723	336,205,000	3,615
<u>Obligations under other</u>						
<u>USDA Appropriations:</u>						
Agricultural Cooperative Service for administrative support....	132,742	3	133,000	3	133,000	3
Agricultural Marketing Service for administrative support and tobacco sample analysis.....	2,074,336	45	2,214,000	45	2,214,000	45
Agricultural Research Service for administrative support, predator control, Veterinary Services, and Plant Protection and Quarantine.....	60,398	2	60,000	2	60,000	2
Agricultural Stabilization and Conservation Service for contamination and residue testing.....	52,406	--	52,000	--	52,000	--
Cooperative State Research Service for administra- tive support.....	12,017	--	12,000	--	12,000	--
Extension Service in support of the 1890 College internship program	4,000	--	4,000	--	4,000	--
Federal Grain Inspection Service for administra- tive support.....	1,233,128	31	1,233,000	31	1,233,000	31
Food Safety and Inspection Service for administrative support.....	12,414	--	12,000	--	12,000	--

	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Foreign Agriculture Service in support of the 1890 College internship program.....	2,415	--	2,400	--	2,400	--
Human Nutrition Informa. Service for administrative support.....	60,955	1	61,000	1	61,000	1
Office of International Cooperation and Dev. for employee services and training and animal damage control.....	923,866	2	925,000	2	925,000	2
Office of Information Resource Management in support of 1890 College internship program.....	2,460	--	2,500	--	2,500	--
Office of Inspector Gen. for administrative support.....	14,273	--	14,000	--	14,000	--
Office of the Secretary in support of the 1890 College internship program	1,760	--	1,800	--	1,800	--
Office of Transportation for administrative support.....	139,867	2	--	--	--	--
Packers and Stockyards Administration for administrative support....	238,238	6	240,000	6	240,000	6
Soil Conservation Service for administrative support.....	608	--	1,000	--	1,000	--
Total, Other Agriculture Appropriations.....	4,965,883	92	4,967,700	90	4,967,700	90
Total, Agriculture Appropriations.....	345,727,883	3,894	354,875,700	3,813	341,172,700	3,705
Other Federal Funds:						
Department of Energy for animal damage control activities.....	39,837	1	40,000	1	40,000	1
Department of Health and Human Services for plant residue analysis and sharing a vehicle.....	1,087,500	5	1,100,000	5	1,100,000	5
Department of the Interior for animal damage control and research.....	45,868	1	46,000	1	46,000	1

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Department of Treasury for shuttle service.....	56,814	--	57,000	--	57,000	--
Federal Aviation Administration for animal damage control.....	23,713	1	24,000	1	24,000	1
Forest Service for administrative support, animal damage control, and gypsy moth control.....	320,291	4	320,000	4	320,000	4
Tennessee Valley Authority for animal damage control activities.....	56,197	1	56,000	1	56,000	1
U.S. Air Force for animal damage control activities.	16,196	--	16,000	--	16,000	--
U.S. Army for animal damage control activities	230,798	3	230,000	3	230,000	3
U.S. Marine Corps for animal damage control activities.....	13,576	--	14,000	--	14,000	--
U.S. Navy for overtime quarantine inspection and animal damage control.....	287,343	3	290,000	3	290,000	3
Total, Other Federal Funds	2,178,133	19	2,193,000	19	2,193,000	19
Total, Federal Funds.....	347,906,016	3,913	357,068,700	3,832	343,365,700	3,724
<u>User Fees:</u>						
Funds derived from AQI user fees.....	85,515,110	1,785	93,268,000	1,800	108,320,000	1,958
Funds derived from import-export and veterinary diagnostic user fees....	--	--	--	--	4,167,000	--
Funds from State and local governments for animal damage control activities.	4,578,862	63	5,000,000	65	5,000,000	65
Reimbursable overtime	2,256,343	--	1,813,000	--	1,000,000	--
<u>Trust Funds:</u>						
Feed, care, and attendants for animals in quarantine.	1,607,771	24	1,371,000	23	1,920,000	23
Miscellaneous Contributed Funds.....	4,297,965	30	3,629,000	30	5,080,000	30
Total, Non-Federal Funds.	98,256,051	1,902	105,081,000	1,918	125,487,000	2,076
Total, Animal and Plant Health Inspection Service.	446,162,067	5,815	462,149,700	5,750	468,852,700	5,800

Full-Time Equivalent Staff-Years: Actual

1991
Estimated

1992
Estimated

Ceiling..... 5,815
Non-Ceiling..... 343
6,158

5,750
342
6,092

5,800
342
6,142

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

15-5

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	6	1	7	6	1	7	6	1	7
ES-4	2	3	5	2	3	5	2	3	5
ES-3	4	3	7	4	3	7	4	3	7
ES-2	1	0	1	1	--	1	1	--	1
ES-1	3	1	4	3	1	4	3	1	4
GS/GM-15	41	24	65	41	24	65	41	24	65
GS/GM-14	142	105	247	142	105	247	142	105	247
GS/GM-13	123	201	324	123	201	324	123	201	324
GS-12	100	498	598	102	498	600	102	503	605
GS-11	74	446	520	74	486	560	47	496	543
GS-10	1	1	2	1	1	2	1	1	2
GS-9	72	981	1,053	72	993	1,065	72	1,001	1,073
GS-8	9	13	22	9	13	22	9	13	22
GS-7	73	550	623	73	560	633	73	570	643
GS-6	59	133	192	59	133	192	59	138	197
GS-5	86	474	560	86	474	560	90	478	568
GS-4	43	352	395	43	352	395	43	362	405
GS-3	23	55	78	23	55	78	23	65	88
GS-2	1	4	5	1	4	5	1	4	5
Other graded positions	16	252	268	16	252	268	16	257	273
Ungraded positions.....	0	214	214	0	214	214	0	214	214
Total permanent positions.....	879	4,311	5,190	881	4,373	5,254	858	4,440	5,298
Unfilled positions, end-of-year.....	-9	-165	-174	-9	-167	-176	-9	-167	-176
Total, permanent employment, end-of-year.....	870	4,146	5,016	872	4,206	5,078	849	4,273	5,122
Staff-Years:									
Ceiling.....	888	4,927	5,815	809	4,941	5,750	809	4,991	5,800
Non-Ceiling.....	7	336	343	7	335	342	7	335	342
Total.....	895	5,263	6,158	816	5,276	6,092	816	5,326	6,142

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	\$33,232,609	\$35,680,000	\$36,660,000
Field.....	<u>136,620,430</u>	<u>146,570,000</u>	<u>150,706,000</u>
11 Total personnel compensation.....	169,853,039	182,250,000	187,366,000
12 Personnel benefits	36,737,621	39,420,000	40,526,000
13 Benefits for former personnel.....	<u>839,469</u>	<u>900,000</u>	<u>925,000</u>
Total personnel compensation and benefits.....	207,430,129	222,570,000	228,817,000
Other Objects:			
21 Travel.....	14,861,241	15,946,000	16,394,000
22 Transportation of things.....	5,570,747	5,978,000	6,146,000
23.2 Rental payments to others.....	3,469,026	3,722,000	3,826,000
23.3 Communications, utilities and miscellaneous charges.....	14,880,687	15,967,000	16,415,000
24 Printing and reproduction	708,565	761,000	782,000
25 Other services	61,344,321	65,821,000	67,668,000
26 Supplies and materials...	22,399,479	24,034,000	24,709,000
31 Equipment.....	19,449,877	20,870,000	21,456,000
32 Lands and structures.....	760,364	815,000	838,000
41 Grants, contributions and subsidies.....	24,105,973	25,865,000	26,592,000
42 Insurance claims and indemnities.....	2,632,433	2,825,000	2,904,000
43 Interest and dividends...	<u>37,529</u>	<u>41,000</u>	<u>42,000</u>
Total other objects.....	<u>170,220,242</u>	<u>182,645,000</u>	<u>187,772,000</u>
Total direct obligations.....	<u>377,650,371</u>	<u>405,215,000</u>	<u>416,589,000</u>
<u>Position Data:</u>			
Average Salary, ES positions...	\$91,000	\$95,000	\$100,000
Average Salary, GM/GS positions.....	35,000	38,000	40,000
Average grade, GM/GS positions.	8.61	8.61	8.61

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter is enclosed in brackets):

Salaries and Expenses:

- For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [~~\$381,120,000~~] \$301,980,000, of which [~~\$4,500,000~~] \$3,217,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: Provided, That
- 1 [~~\$1,000,000 of the funds for control of the fire ant shall be placed in reserve for matching purposes with States which may come into the program:~~
 - 2 Provided further,] such sums as become available in the Agricultural Quarantine Inspection User Fee Account shall be derived from that account: Provided further, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 per centum: Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only:
 - 3 [~~Provided further, That uniform allowances for each uniformed employee of the Animal and Plant Health Inspection Service shall not be in excess of \$400 annually:]~~ Provided further, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and Section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts.

The first change eliminates the language that places funds in reserve for the imported fire ant control matching program. APHIS would enter into cooperative agreements with States to conduct regulatory and survey activities.

The second change provides for User Fee funding for Agricultural Quarantine Inspection activities. Fees will be collected for all costs associated with preventing the introduction of agricultural pests and diseases. This includes the cost of passenger, baggage, and cargo inspections at ports-of-entry; development of new detection techniques such as X-rays and detector dogs; and meeting the Agency's responsibilities with respect to the movement of endangered species. This proposed language would allow APHIS to access the AQI account from Treasury.

The third change would delete language for uniform allowances. The limitation is amended in section 202 of the Treasury, Postal Service and General Government Appropriations Act for 1991, P.L. 101-509. Due to this amendment it is unnecessary for individual agencies to reflect this language.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Salaries and Expenses

Appropriations Act, 1991.....	\$381,120,000
Budget Estimate, 1992.....	<u>410,300,000</u>
Increase in Appropriation.....	<u>+29,180,000</u>
<u>Adjustments in 1991:</u>	
Appropriations Act, 1991.....	\$381,120,000
Supplemental for reimbursable overtime.....	13,000,000
Reimbursable overtime, Comparability basis.....	<u>9,000,000</u>
Adjusted base for 1991.....	403,120,000
Budget Estimate, 1992.....	<u>410,300,000</u>
Increase over adjusted 1991.....	<u>+7,180,000</u>

Summary Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Africanized honeybee	\$500,000	--	-\$500,000	--
Agricultural quarantine inspection	93,268,000	\$2,513,000	12,539,000	\$108,320,000
Import-export	8,929,000	698,000	581,000	10,208,000
Animal disease detection	8,335,000	511,000	1,211,000	10,057,000
ADC - operations	24,588,000	1,183,000	-5,361,000	20,410,000
Animal health compliance and enforcement	12,354,000	1,027,000	-1,777,000	11,604,000
Biological control	4,944,000	402,000	2,203,000	7,549,000
Boll weevil	13,135,000	54,000	-1,985,000	11,204,000
Cattle ticks	6,172,000	368,000	-2,072,000	4,468,000
Citrus canker	1,264,000	--	-1,264,000	--
Grasshopper-Mormon cricket	8,850,000	120,000	-7,529,000	1,441,000
Imported fire ant	4,232,000	65,000	-2,680,000	1,617,000
Noxious weeds	1,081,000	18,000	-538,000	561,000
Pink bollworm	2,800,000	70,000	-1,828,000	1,042,000
Russian wheat aphid	2,400,000	--	-2,400,000	--
Scrapie	846,000	--	-846,000	--
Animal welfare	9,688,000	643,000	-1,000,000	9,331,000
Biotechnology	5,697,000	390,000	214,000	6,301,000
Integrated systems acquisition project	--	--	5,014,000	5,014,000
Contingency fund	4,500,000	--	-1,283,000	3,217,000
Other	<u>189,537,000</u>	<u>8,419,000</u>	<u>--</u>	<u>197,956,000</u>
Total Available.....	<u>403,120,000</u>	<u>16,481,000</u>	<u>-9,301,000</u>	<u>410,300,000</u>

PROJECT STATEMENT
(On Basis of Adjusted Appropriation)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Pest and disease exclusion:							
(a) Africanized honeybee.....	2,139,978	10	500,000	6	-500,000	--	--
(b) Agricultural quarantine inspection..... ^{a/}	85,515,110	1,785	93,268,000	1,800	15,052,000	108,320,000	1,958
(c) Foot-and-mouth disease.....	2,523,606	7	3,818,000	11	73,000	3,891,000	13
(d) Import-Export inspection...	9,242,979	192	8,929,000	192	1,279,000	10,208,000	218
(e) International programs.....	4,958,369	41	4,238,000	39	260,000	4,498,000	41
(f) Fruit fly exclusion.....	6,892,595	89	10,617,000	108	599,000	11,216,000	108
(h) Screwworm.....	30,762,879	100	33,391,000	138	620,000	34,011,000	138
Total, Pest and Disease Exclusion.....	142,035,516	2,224	154,761,000	2,294	(1)	172,144,000	2,476
2. Plant and animal health monitoring:							
(a) Animal disease detection...	5,830,519	69	8,335,000	72	1,722,000	10,057,000	72
(b) Fruit fly detection.....	3,606,110	51	3,879,000	51	62,000	3,941,000	51
(c) Pest detection.....	3,437,483	63	3,831,000	67	145,000	3,976,000	69
Total, Plant and animal health monitoring.....	12,874,112	183	16,045,000	190	(2)	17,974,000	192
3. Pest and Disease Management							
(a) AOC operations.....	22,905,963	464	24,588,000	474	-4,178,000	20,410,000	436
(b) Animal health compliance and enforcement.....	15,034,681	369	12,354,000	335	-750,000	11,604,000	294
(c) Biocontrol.....	5,203,602	120	4,944,000	116	2,605,000	7,549,000	131
(d) Boll weevil.....	12,770,092	126	13,135,000	120	-1,931,000	11,204,000	106
(e) Brucellosis.....	58,938,038	550	64,553,000	575	3,140,000	67,693,000	581
(f) Cattle ticks.....	6,456,058	167	6,172,000	131	-1,704,000	4,468,000	101
(g) Citrus canker.....	--	--	1,264,000	16	-1,264,000	0	0
(h) Golden nematode.....	763,580	15	808,000	20	54,000	862,000	20
(i) Grasshopper and Mormon cricket..... ^{b/}	8,304,608	26	8,850,000	22	-7,409,000	1,441,000	26
(j) Gypsy moth.....	4,581,020	109	4,877,000	109	285,000	5,162,000	109
(k) Honeybee pests.....	339,395	4	502,000	4	29,000	531,000	4
(l) Imported fire ant.....	3,525,300	39	4,232,000	30	-2,615,000	1,617,000	12
(m) Miscellaneous plant and animal diseases.....	2,174,201	10	2,094,000	10	117,000	2,211,000	12
(n) National poultry improvement plan.....	173,615	4	229,000	4	16,000	245,000	4
(o) Noxious weeds.....	844,091	9	1,081,000	6	-520,000	561,000	6
(p) Pink bollworm.....	1,146,307	23	2,800,000	23	-1,758,000	1,042,000	23
(q) Poultry diseases.....	570,166	7	673,000	7	49,000	722,000	7
(r) Pseudorabies.....	3,782,034	31	6,554,000	31	159,000	6,713,000	31
(s) Russian wheat aphid.....	896,482	6	2,400,000	15	-2,400,000	--	--
(t) Scrapie.....	1,200,689	5	846,000	4	-846,000	--	--
(u) Swine health protection....	3,371,092	84	3,319,000	79	267,000	3,586,000	84
(v) Tuberculosis.....	3,615,150	37	3,554,000	34	184,000	3,738,000	37
(w) Witchweed.....	4,829,027	77	5,144,000	80	242,000	5,386,000	80
Total, Pest and disease Management.....	161,425,191	2,282	174,973,000	2,245	(3)	156,745,000	2,104
4. Animal care:							
(a) Animal welfare.....	7,527,505	170	9,688,000	176	-357,000	9,331,000	166
(b) Horse protection.....	161,442	4	359,000	8	23,000	382,000	8
Total, Animal care.....	7,688,947	174	10,047,000	184	-334,000(4)	9,713,000	174
5. Scientific and technical services:							
(a) ADC methods development....	7,375,326	127	8,763,000	130	504,000	9,267,000	127
(b) Biotechnology.....	4,653,368	50	5,697,000	55	604,000	6,301,000	61
(c) Integrated systems acquisition project.....	--	--	--	--	5,014,000	5,014,000	--
(d) Plant methods development labs.....	4,714,551	72	5,499,000	75	335,000	5,834,000	72
(e) Veterinary biologics.....	8,413,061	175	9,165,000	175	591,000	9,756,000	192

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
(f) Veterinary diagnostics.....	13,103,047	176	13,670,000	175	665,000	14,335,000	175
Total, Scientific and technical services.....	38,259,353	600	42,794,000	610	(5)	50,507,000	627
Total, Annual funds.....	362,283,119	5,463	398,620,000	5,523	8,463,000	407,083,000	5,573
6. Contingencies: plant and animal diseases and pests.....	2,921,000	--	4,500,000	--	(6)	3,217,000	--
Unobligated balance available start-of-year.....	-6,694,200	--	--	--	--	--	--
Unobligated balance available end-of-year.....	20,614,202	--	--	--	--	--	--
Unobligated balance available...	2,051,627	--	--	--	--	--	--
Total, Available or estimate, appropriated funds.....	381,175,748	5,463	403,120,000	5,523	7,180,000	410,300,000	5,573
7. Advances and reimbursements:							
(a) User fees/reimbursements....	2,556,343	--	1,813,000	--	2,354,000	4,167,000	--
(b) Animal damage control.....	4,578,862	121	5,000,000	121	--	5,000,000	121
(c) Miscellaneous reimbursements	7,143,016	54	7,161,000	53	1,000,000	8,161,000	53
Total, Advances and reimbursements.....	14,278,221	175	13,974,000	174	3,354,000	17,328,000	174
8. Transfers:							
(a) Cattle tick (FNS).....	--	--	10,825,000	--	--	10,825,000	--
(b) Emergency programs..... ^{c/}	32,820,799	124	7,835,000	--	-7,835,000	--	--
Total, Available or estimate. ^{d/}	428,274,768	5,762	435,754,000	5,697	2,699,000	438,453,000	5,747
Less: User fees.....	-20,374,547	--	-22,000,000	-450	22,000,000	--	--
Less: Transfers.....	-38,256,000	--	-18,660,000	--	18,660,000	--	--
Receipts from reimbursements....	-14,278,221	-175	-13,974,000	-174	-14,179,000	-28,153,000	-174
Total, Appropriated.....	355,366,000	5,587	381,120,000	5,073	29,180,000	410,300,000	5,573

^{a/} Includes reimbursable overtime for FY 1991 and FY 1992 as follows:

1990 Actual	1991 Estimate
\$20,374,547	\$22,000,000

^{b/} In FY 1992, approximately \$4.8 million in grasshopper no-year funds will be used to fund some survey and Integrated Pest Management program activities.

^{c/} Emergency programs, funded with Commodity Credit Corporation funds, included Mediterranean fruit fly, Mexican fruit fly and Salmonella enteritidis.

^{d/} The figures in the project statement do not include carryover funds and transfers as follows:

No-Year and Emergency Programs

Project	1990 Actual	1991 Carry-Over	1991 Appropriated or Transferred	1991 Available
(a) Animal damage control.....	680,254	8,852	--	8,852
(b) Grasshopper/Mormon Cricket				
--Reserve fund.....	4,606,714	5,764,426	5,000,000	10,764,426
--Supplemental funds.....	168,000	6,632,000	--	6,632,000
(c) Contingency fund.....	2,921,000	2,082,954	4,500,000	6,582,954
(d) Mediterranean fruit fly..	27,257,284	1,088,716	7,835,000	8,923,716
(e) Mexican fruit fly.....	2,683,711	394,289	--	394,289
(f) Pseudorabies.....	509,231	690,769	--	690,769
(g) <u>Salmonella enteritidis</u> ...	2,879,804	3,952,196	--	3,952,196
Total.....	41,705,998	20,614,202	17,335,000	37,949,202

EXPLANATION OF PROGRAM

The Animal and Plant Health Inspection Service (APHIS) was established on April 2, 1972, pursuant to the authority of the Reorganization Plan No. 2 of 1953.

APHIS conducts cooperative programs with State and local agencies and organizations to control, eradicate, and prevent the movement of plant and animal diseases and pests. Inspection and regulatory programs prevent the introduction into the United States of pests and diseases of foreign origin and the spread of established pests within the country. Under the Federal Noxious Weed Act of 1974, the Agency carries out survey, regulatory, and control actions to protect American agriculture from the invasion and interstate spread of noxious weeds. APHIS, under the Endangered Species Act, regulates the import and export of designated endangered plant species and ensures that cooperative Federal-State pest control programs which utilize pesticides will not adversely affect endangered species. Under the Virus-Serum-Toxin Act, APHIS carries out activities to prevent the production and distribution of worthless, contaminated, dangerous, or harmful veterinary biologics. Under the authority of the Animal Welfare Act as amended, the Agency conducts activities to ensure that certain animals intended for use in research or for exhibition purposes are provided with humane care and treatment, to assure humane treatment of animals during transportation in commerce, and to prevent the sale or use of animals which have been stolen. APHIS, under the authority of the Horse Protection Act, works to prevent the interstate movement or exhibition of horses which have been "sored." Under the Swine Health Protection Act, the Agency conducts a Federal-State program to control the feeding of raw garbage to swine. APHIS, under the authority of the Animal Damage Control Act of 1931, researches and carries out cooperative programs to control wildlife-caused losses to agriculture, safety hazards at airports, and public nuisances in a variety of areas. APHIS, under authority of the Plant Pest Act, Plant Quarantine Act, and Virus-Serum-Toxin Act coordinates the development and implementation of the Department's regulation and evaluation of applications of a number of biotechnologically derived products for test permits and commercial licenses.

The APHIS "Salaries and Expenses" appropriation and user fees fund the following activities:

1. Pest and disease exclusion programs -- APHIS carries out inspections at U.S. ports-of-entry to prevent the introduction of foreign plant and animal pests and diseases which are harmful to our country's agriculture. APHIS develops and conducts preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture. APHIS engages in cooperative programs to control pests of imminent concern to the United States and to strengthen foreign plant protection and quarantine organizations. APHIS also certifies plants and plant products for export and regulates imports and exports of designated endangered plant species. APHIS assists U.S. exporters and the Foreign Agricultural Service in revising foreign plant and animal import regulations to encourage and increase U.S. agricultural exports.

The statutory authority supporting this program is contained in 7 U.S.C. 148 and 150aa-150jj; 19 U.S.C. 1306; and 21 U.S.C. 102, 111-120, 121-123, 127, and 135-135b. The principal legislative authorities for these activities include the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; the Plant Quarantine Act of 1912; and the Mexican Border Act of 1942. The Department's enforcement responsibilities for endangered plants are contained in the Endangered Species Act of 1973. The Airport and Airways Development Act, P.L. 94-353, Section 15(c), was enacted July 12, 1976. Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990 as amended by Section 1203 of the 1991 Budget Reconciliation Bill authorizes user fees for agricultural quarantine inspection and and import-export inspection. The activities carried out in the pest and disease exclusion programs are as follows:

- Africanized Honey Bee (AHB) - AHB was brought from Africa to Brazil in 1956 for research purposes. Since their release in 1957, the honey bees have steadily advanced toward U.S. borders. It is currently established north of the Isthmus of Tehuantepec in over 15 States of Mexico. A swarm of AHB was found near Hidalgo, Texas and has been identified, confirmed, and destroyed. This is the first pioneer swarm from Mexico that has been detected and destroyed. Because the AHB's are more defensive and less productive than local bees, local beekeepers and researchers have heeded their arrival. Upon its establishment in this country, the AHB could cost American agriculture approximately \$1.2 billion per year in decreased crop pollination and honey production. The program in the past has concentrated on retarding the northward migration of the AHB and dampening its defensive behavior through genetic dilution. In FY 1991, APHIS has committed to maintain detection trap lines and provide detection and delimiting surveys for approximately five pioneer swarms of AHB detected in Texas. When APHIS funding has been exhausted, affected States will have to take the primary responsibility for these activities.
- Agricultural Quarantine Inspection (AQI) - The purpose of the AQI program is to protect U.S. agriculture from exotic pests and diseases by inspecting the increasing amount of cargo and international air and sea passengers at ports-of-entry and pre-clearance stations. The AQI program also conducts inspections of cargo and people at the Mexican and Canadian borders. Each person or bag entering this country could potentially be carrying an exotic pest capable of causing a major outbreak. APHIS continues to implement innovative techniques such as X-ray machines and detector dog teams to handle the increasing workload. The use of X-ray technology for passenger baggage has increased efficiency in passenger inspections. The detector dog teams are used at international airports and post offices for baggage and package inspections and have a success rate of 80 percent in finding concealed regulated items. By the start of FY 1992, this program will be financed in its entirety by user fees.
- Foot-and-Mouth Disease (FMD) - The purpose of the FMD program is to prevent the disease in South America from entering Panama, Central America, Mexico, and the United States. An FMD eradication program is now being conducted in Colombia. Program methods include surveillance, inspection, quarantine, vaccination, and emergency preparedness. Cooperative FMD prevention agreements, using surveillance, disease investigation, and emergency preparedness are being maintained with Mexico, Panama, and all of the Central American countries. Estimates show that 15-year losses of more than \$20 billion could occur if FMD were to re-enter the United States.
- Import/Export Inspection -

Import Animals - The purpose of the import animals program is to assure that all imported animals and animal germplasm are free of infectious diseases. Principal methods include: inspection, testing, and certification of imported animals, animal germplasm, zoos, means of conveyance, slaughter establishments, and ports-of-entry; quarantine of imported animals and animal germplasm; maintenance of animal import centers in Newburgh, New York; Miami, Florida; Honolulu, Hawaii; and Key West, Florida; authorization or operation of quarantine facilities for birds, horses, and sheep; and the interception of smuggled animals.

Export Animals - The export animals program implements activities designed to insure that all inspections of livestock, live poultry, and hatching eggs exported from the United States and certifications of freedom from contagious diseases are in compliance with U.S. Department of Agriculture (USDA) health agreements with importing countries. This function is vital to the protection and expansion of this country's animal export market, currently valued at over \$400 million annually. Beginning in FY 1991, a portion of this program will be financed by user fees.

-- International Programs - The objective of APHIS' International programs is to protect and promote U.S. agriculture by maintaining an APHIS presence in foreign countries which are significant agricultural trading partners and may also be potential sources of economically dangerous agricultural pests and diseases. The presence of APHIS personnel at overseas locations, either on permanent assignment or short-term detail, provides an effective first line of defense against the entry of foreign plant and animal diseases and pests into our country. It also facilitates the export of U.S. agricultural products, and promotes the exchange of scientific and technical information on animal and plant health programs.

-- Fruit Fly Exclusion - This program will combine funding for exclusion activities of the Mediterranean fruit fly (Medfly) and Mexican fruit fly (Mexfly) into one line-item. The objective of the Medfly program is to prevent sustained infestations of this dangerous pest of fruits and vegetables from occurring in the continental United States, Virgin Islands, Puerto Rico, and north of the 16° N. latitude in Central America. Medfly is one of the world's most destructive pests of fruits and vegetables and is found throughout Central America. The pest is capable of becoming established in fruit and vegetable growing regions in both Mexico and the continental United States. Approximately 80 percent of U.S. citrus production is susceptible to Medfly. Due to Mexico's location as our neighbor and its importance as a major source of winter fruits and vegetables for the United States, the presence of Medfly in Mexico would pose a serious threat. In FY 1990, Medfly infestations were eradicated from more than 812 square miles in California. APHIS, with some assistance from Hawaii and California, constructed a sterile fruit fly rearing facility in Waimanalo, Hawaii, which supplied 150 million sterile flies per week for the California eradication emergency in FY 1990. APHIS provides approximately 50 million sterile flies per week for the Kauai project.

Mexfly, an insect pest of more than 40 species of fruit, periodically occurs in the United States primarily in the Lower Rio Grande Valley in southern Texas. Other citrus growing States such as Arizona, California, and Florida are vulnerable to Mexfly infestations either by migration of these flies across the northwestern border with Mexico, or from infested fruit being shipped to or through these States. Consequently, the program maintains suppression activities in the northwestern region of Mexico and regulatory programs in the lower Rio Grande Valley and portions of Mexico. Additional regulatory and suppression activities in the lower Rio Grande Valley in southern Texas provides protection for the entire U.S. citrus industry. Mexfly infestations were eradicated from Los Angeles and San Diego counties in California in November of 1990.

-- Screwworm - The goal of the Screwworm program is to prevent the reintroduction of the parasitic screwworm (Cochliomyia hominivorax) into the United States by eradicating this insect in Mexico and Central America. Eradication in Mexico occurred in FY 1990 and future activities will focus on Central America. Thus the program goal is to establish a sustainable, permanent barrier in Panama and develop new cooperative agreements and program structures between the United States and the individual Central American countries.

The levels of pest and disease exclusion activities are shown by the selected examples that follow:

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Africanized honey bee:			
Traps set in Texas and Ports of Entry	900	1,500	--
Swarms collected in Texas and ports of entry.....	20	200	--
Traps set in Mexico (thousands).....	50	--	--
Swarms collected in Mexico (thousands)	25	--	--
Agricultural quarantine inspection:			
Plant and animal product and byproduct inspection:			
Airplanes (thousands).....	364	365	366
Vessels (thousands).....	54	55	55
Plant units processed (millions)...	397	400	401
Regulated and miscellaneous cargo inspections conducted (thousands)...	1,054	1,060	1,060
Phytosanitary export certification:..			
Certificates issued (thousands)....	200	200	210
Interceptions (thousands):			
Unauthorized plant material.....	1,652	1,700	1,750
Unauthorized animal products/ byproducts.....	206	210	215
Unauthorized material:			
Mail.....	8.9	9	9.2
Baggage.....	1,303	1,300	1,400
Foot-and-Mouth Disease:			
Exotic animal disease investigations in Mexico:			
Total investigations.....	1,199	1,000	600
Livestock investigations (excluding rabbit).....	243	250	500
Investigations on rabbits.....	956	750	100
Vesicular disease investigations			
in Panama.....	20	20	20
in Colombia.....	261	250	250
in Central America.....	286	250	250
in Mexico:	170	150	150
Import-Export:			
Import inspection:			
Animals (thousands).....	2,965	3,200	3,600
Personally owned pet birds.....	2,130	2,200	2,200
Commercial birds.....	361,373	325,000	300,000
Poultry (baby chick & poults) (thousands).....	7,121*	7,000	7,000
Poultry hatching eggs (thousands)...	15,217*	20,000	20,000
Export inspection:			
Cattle, swine, sheep, goats, and horses.....	179,656*	225,000	230,000
Poultry (thousands).....	46,460	50,000	52,000
Dozens of hatching eggs (thousands)	34,374	40,000	42,000
Bull semen (thousands).....	5,621	7,000	7,500
Bovine embryos.....	15,845	20,000	22,000

* Note: FY 1990 marks the first year for which APHIS has compiled data for export inspections. Prior year figures developed by the Commerce Department and reported in earlier editions of the Explanatory Notes include items other than those reported by APHIS and thus are not comparable.

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
International programs:			
Number of exotic animal and plant disease investigations in Central American countries (excluding medfly) Includes vesicular and other disease investigations.....	245	250	255
Mediterranean fruit fly:			
Sterile insects released, California (millions).....	6,216	--	--
Sterile insects released, Hawaii (millions).....	225	2,080	2,600
Sterile insects released, Chile (millions).....	285	240	--
Sterile insects released, Guatemala (millions).....	25,116	26,780	26,780
Sterile insects released, Mexico (millions).....	3,552	4,000	4,000
Sterile insects produced, Guatemala (millions).....	8,008	8,580	8,580
Sterile insects produced, Mexico (millions).....	34,980	29,000	29,000
Mexican fruit fly:			
Sterile insects released, Mexico (millions).....	320	400	350
Sterile insects released, California (millions).....	344	--	--
Sterile insects released, Texas (millions).....	330	40	1,040
Screwworm:			
Cases in the United States.....	1	--	--
Cases in Mexico.....	--	--	--
Sterile fly production--Tuxtla Gutierrez, Mexico. (millions - weekly).....	125	175	235

2. Plant and animal health monitoring programs -- The plant and animal health monitoring programs are primarily cooperative efforts of the Federal and State governments, and industry. APHIS conducts programs to prevent communicable plant and animal diseases of foreign origin from entering the United States. Upon entrance into this country, the pests and diseases are rapidly diagnosed. The Agency also carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to establish new pest or disease eradication programs.

The statutory authority for this work is contained in 7 U.S.C. 15, 17, 30, 54, 391, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Act of June 17, 1930; Act of September 21, 1944; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; and Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985.

-- Animal Disease Detection - The purpose of the animal disease detection program is to protect and monitor the health of the Nation's livestock and maintain the capability to rapidly eliminate outbreaks of foreign animal diseases should they occur. This is accomplished through diagnostic efforts, surveillance of domestic and foreign animal diseases, and by area

surveys of domestic livestock conditions. The program is a cooperative effort of the Federal and State governments, and industry.

An important component of the program is the National Animal Health Monitoring System (NAHMS). This Federal-State-industry program collects descriptive data about the occurrence and costs of animal health events from a statistically determined sample of selected food animal producers. The data is analyzed to detect disease trends and associations between environmental and managerial factors and the occurrence and costs of domestic diseases. NAHMS reports can be used by producers to improve the health and production efficiency of livestock and poultry. This information is also valuable to consumers, industry, government, and academia.

- Fruit Fly Detection - The objective of this program is to continue essential activities necessary for early detection of exotic fruit fly introductions. These activities were previously funded through the following line items: Medfly, Mexfly, miscellaneous plant and animal pests and diseases, and pest detection. Early detection of fruit fly infestations can substantially reduce emergency funding required for eradicating larger infestations.
- Pest Detection - The pest detection program has two main functions. The first function is to rapidly discover foreign plant pests, which reduces pest control costs and prevents widespread agricultural damage. The program's second function is to monitor the status of the Nation's endemic plant pests and provide information to support the certification of U.S. agricultural exports and pest management decisions.

APHIS works in cooperation with the 50 States in a project called the Cooperative Agricultural Pest Survey (CAPS). As part of this program, the States enter the results of plant pest surveys into a national database, the National Agricultural Pest Information System (NAPIS). Updated information entered by the States may be quickly retrieved by State Departments of Agriculture, universities, private industry, and extension offices. NAPIS data can support statements to foreign officials about the pest-free status of particular U.S. agricultural exports and also help determine the need for pest eradication action programs.

The levels of plant and animal health monitoring activities are shown by the selected examples that follow:

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Animal disease detection:			
National Animal Health Monitoring System (NAHMS):			
Number of States participating...	13	19	25
Percent of U.S. livestock population covered:			
Dairy.....	46	64	80
Beef-cow/calf.....	22	28	50
Swine.....	51	70	75
Sheep.....	26	35	60
Reports generated.....	7,500	9,000	11,000
Total herds/flocks participating.	564	1,490	3,475
Exotic diseases and parasites:			
Investigation of suspicious cases	202	250	300
Confirmed primary outbreaks:			
Exotic Newcastle disease (VVND)	0	5	5
Fruit fly detection:			
Traps set.....	0	0	15,320

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Plant pest detection:			
Number of pest records processed.	362,000	312,000	262,000
Survey methods documented.....	503	400	350
Special area-wide pest reporting projects.....	15	12	12
Pest maps developed.....	7	7	7

3. Pest and disease management programs -- In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. Interstate shipments of plants, livestock, and related materials are monitored and regulated to prevent the spread of disease and the distribution of impure, unsafe, and nonefficacious materials and products. Following the transfer of the Animal Damage Control (ADC) program from the U.S. Department of the Interior (USDI) in 1986, APHIS protects agriculture from detrimental animal predators through identification, demonstration, and application of the most appropriate methods of control.

The statutory authority for this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; the Animal Damage Control Act of 1931; Act of September 21, 1944; Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; P.L. 92-629 of January 3, 1975; the Swine Health Protection Act of October 17, 1980; Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985; and the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990. The activities carried out are as follows:

- Animal damage control (ADC) - The ADC program was established in 1885 as the Bureau of Biological Survey under USDA. In 1939, the program was transferred to the U.S. Department of the Interior, Fish and Wildlife Service. Pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985, ADC was again transferred to USDA, this time to be administered by APHIS. The ADC mission is to provide leadership in the science and practice of wildlife damage control in order to safeguard America's agricultural, industrial, and natural resources, and to protect public health and safety. Under the authority of the ADC Act of 1931, ADC conducts research and carries out cooperative programs to control wildlife-caused losses to agriculture, safety hazards at airports, and public nuisances in a variety of areas.
- Animal health compliance and enforcement - The goal of this program is to monitor the health of the Nation's livestock and prevent the spread of communicable livestock diseases in interstate trade. Through the use of identification devices such as ear and backtags, infected and exposed animals are traced back to their farm of origin. Once the origin of the animals is determined, investigations are initiated where violations of interstate regulations are suspected. Regulatory enforcement is attained by monitoring the movement of livestock, maintaining a close liaison with practicing veterinarians, livestock dealers and other segments of the industry, and by prosecuting alleged violators.
- Biocontrol - The purpose of the program is to conduct cooperative Federal-State programs for the importation, quarantine screening, rearing, distribution, and evaluation of beneficial organisms to control pests of economic importance. Biological control is an alternative to using traditional chemicals for controlling plant pests. Public environmental concerns such as water and air quality, the potential carcinogenic effects of certain pesticides, and increasing pest resistance to pesticides have made it imperative for APHIS to continue to develop and improve upon

biological control methods. APHIS works with international organizations and other Federal agencies, the States, and universities in conducting a number of biological control projects including leafy spurge, diffuse and spotted knapweed, Colorado potato beetle, Russian wheat aphid, and the European corn borer.

- Boll weevil - The boll weevil program consists of three regional control or eradication projects. The boll weevil projects are cooperative efforts in which cooperators pay 70 percent and APHIS pays 30 percent of the program costs.
 - High Plains Control - The goal of this program, established in 1963, is to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the south and west.
 - Southeast Eradication - The program has eradicated the boll weevil from Virginia, North Carolina, and 95 percent of South Carolina. Growers in the eradicated area report substantial economic benefits as a result of this program. Because of these successes, the program was expanded in 1987 to include Georgia, Alabama, and northern Florida. In the future, additional States may be included in the eradication program, which would continue through 1995.
 - Southwest Eradication - The original eradication area, which includes parts of southern California, western Arizona, and northern Mexico near the California border, was declared eradicated of the boll weevil in 1987. This area is now being protected from re-infestation. The program was expanded in FY 1988 to include central Arizona and northern Mexico near the Arizona border, and is approaching eradication in Arizona. The program in northern Mexico is proceeding according to plan. The area between Sonora, Mexico, and Arizona will provide a buffer zone to prevent re-infestation in Arizona.
- Brucellosis - The objective of the State-Federal Cooperative Brucellosis Program is to eradicate Brucella abortus from the bovine and swine populations of the United States. Major program tools include surveillance, elimination of infected herds through depopulation, calfhood vaccination, and recordkeeping. Increased emphasis is being placed on depopulation as the most effective means of rapidly reducing the incidence of the disease.
- Cattle ticks - The cattle tick program is a cooperative Federal-State effort designed to protect the livestock industry from losses due to bovine piroplasmiasis, also known as cattle tick fever. A barrier zone in Texas prevents re-establishment of the cattle fever tick, Boophilus annulatus, and the tropical cattle tick B. microplus in the United States, while an eradication program for these ticks and the tropical bont tick, Amblyomma variegatum, is underway in Puerto Rico.
- Citrus canker - Citrus canker is a bacterial plant disease which attacks the leaves, twigs, and fruit of many varieties of citrus. In areas of the world where the disease has become established, it has caused severe losses because of early fruit drop, fruit decay, and unmarketable fruits. The program goals are to eradicate the more serious Asiatic ("A")-strain of citrus canker in Florida, and prevent the spread of the disease within Florida and to other citrus producing States. Program methods include detecting the disease through survey and control activities and eliminating new or recurrent infestations. A 1989 study conducted by the APHIS Citrus Canker Committee indicated that it is economically beneficial for APHIS to supplement Florida's eradication program of the A-strain.

-- Golden Nematode - In order to eliminate the golden nematode from the State of New York and prevent the spread of the nematode to other potato producing States, APHIS cooperates with the New York State Department of Agriculture, the Agricultural Research Service, the Extension Service, Cornell University, and the New York Seed Improvement Cooperative. The program enforces regulations and sanitary requirements, supports research to develop new resistant potato varieties, and encourages grower acceptance of existing resistant varieties.

-- Grasshopper and Mormon cricket - The goal of this APHIS program is to prevent grasshoppers and Mormon crickets from causing significant damage to U.S. rangeland and cropland. This is accomplished by treating Federal, State, and privately owned rangeland with chemical or biological control agents. Cropland may also be treated in cases where portions of cropland are inseparable from adjoining rangeland. Since the start of the program in 1934, APHIS has worked with the States and local ranchers to provide survey support and technical assistance to limit population growth and prevent migration from rangeland to cropland. In past years, supplemental funds and a no-year fund have been used to finance outbreak control activities. In FY 1990, APHIS received \$6.8 million in supplemental funds from Congress for control work on Conservation Range Program (CRP) and other lands. Due to rainy weather conditions, grasshopper populations were not as high in Minnesota and the Dakota states as originally expected. The unexpended balance of these no-year funds will be available to control grasshopper on CRP lands in 1991 and 1992.

APHIS began the grasshopper Integrated Pest Management (IPM) project in FY 1987. The IPM project is designed to find long-term, environmentally acceptable solutions to the problem of grasshopper infestations. The goal of the project is to develop working models that address the following questions: where will grasshopper outbreaks occur, what are the economic significances of such outbreaks, what are the most appropriate control strategies for the outbreaks, and what are the economic and environmental consequences of recommended control actions?

-- Gypsy moth - The goal of the gypsy moth program is to prevent the artificial spread of the pest from generally infested areas in New England, the Mid-Atlantic States and parts of Michigan and West Virginia. Further, the program prevents isolated infestations of 640 acres or less on non-Federal lands. This is accomplished by regulating the movement of outdoor household articles from generally infested areas, providing technical support in the eradication of isolated infestations, and cooperating with the States in detection surveys.

-- Honey bee pest - The Varroa mite outbreak in FY 1988, the honey bee tracheal mite outbreak in FY 1984 and the arrival of AHB's in 1990 caused serious concern about protection for the honey bee industry. In FY 1989 the States, together with the honey bee industry, requested assistance in establishing more uniform regulatory efforts against interstate movement of honey bee pests. In responding to this request, APHIS supports the national honey bee certification program developed by the National Association of State Departments of Agriculture (NASDA). In support of the development of this program, APHIS plans to establish regulations on interstate movement of honey bees.

-- Imported fire ant (IFA) - Since its introduction into the United States in 1918, IFA has spread to 11 Southern States and Puerto Rico. In the late 1950's, the Department began working with the infested States to control IFA. At that time, the Department imposed a Federal quarantine and developed a cooperative control program designed to limit the ant's spread. The progress of the control program was hampered, however, when the Environmental Protection Agency (EPA) cancelled the registration of the insecticide Mirex in 1977. Since that time, EPA has not registered another product approved for widespread use on agricultural land. APHIS conducts large scale field trials and works with industry and other government

agencies to evaluate promising control agents. APHIS also cooperates with infested States to prevent further spread by regulating certain articles like nursery stock and soil moving equipment. APHIS has completed an Environmental Assessment on IFA regulatory treatments and found no significant impact.

- Miscellaneous plant and animal diseases - APHIS responds to numerous reports of new plant pest species in the United States each year. The miscellaneous plant pest program provides the mechanisms for response to those pests, including delimiting surveys, control or eradication treatments, and restricting the movement of commodities which could spread the pest. The miscellaneous animal diseases program encompasses several diseases and parasites of livestock that are not covered by an individual budget line item. Primary attention in recent years has been devoted to bovine spongiform encephalopathy (BSE), bluetongue, and several equine diseases.
- National Poultry Improvement Plan (NPIP) - NPIP is a voluntary State-Federal cooperative program to improve poultry and poultry products by controlling certain egg-transmitted and hatchery-disseminated diseases. Under NPIP, breeding flocks and hatcheries are classified as being clean of specific poultry diseases, thereby enabling producers to purchase stock that are tested clean of these diseases. APHIS provides support in the form of program coordination; laboratory support; biennial regional and national conferences; and publication of provisions, lists of participants, and statistical reports.
- Noxious weeds - The Agency is authorized by the Federal Noxious Weeds Act of 1974, to carry out a program that works with State and local agencies to detect and prevent newly found or not yet widely established weeds from damaging U.S. agriculture. Program methods include port-of-entry inspections, surveys to determine the scope of infestations, eradication feasibility studies, and other control and eradication projects. The program has conducted surveys and eradication feasibility studies on crupina in Idaho, goatsrue in Utah, itchgrass in Louisiana, and hydrilla in California and Florida. In recent years, control efforts have been directed at common crupina, goatsrue, hydrilla, salsola vermiculata, Orobanche ramosa, and weed identification.
- Pink bollworm - The purpose of the pink bollworm program is to prevent pink bollworm from spreading to noninfested areas. APHIS works with State agencies, grower organizations, and cotton producers to meet that goal. The pest is fairly widespread in the Cotton Belt from southern California through Texas, with limited areas of infestation occurring in Arkansas and Louisiana. Work includes quarantine enforcement, trapping, methods development, and operation of a sterile-moth rearing facility. The pink bollworm is a serious pest of cotton but can propagate on many other plant species in the United States.
- Poultry diseases - The purpose of the poultry diseases program is to protect the Nation's \$13 billion poultry industry from losses due to highly infectious diseases such as exotic Newcastle disease (VND), avian influenza, Salmonella enteritidis, and chlamydiosis (psittacosis-ornithosis). Program methods include quarantine and observation of all avian species entering the United States, surveillance, research, diagnostic testing of samples, and tracing the source and movement of disease when found.
- Pseudorabies - APHIS participates in a cooperative Federal-State-industry program to eradicate pseudorabies, a herpes virus causing reproductive problems including abortion and stillborn death in neonatal pigs. The program began in January 1989, and will require an estimated 10 years to complete. APHIS provides national program coordination, technical advice, regulatory assistance, public information, and recordkeeping. In FY 1990, 37 States initially received direct support from APHIS for programs to eradicate or control pseudorabies. The supplemental appropriation of

\$1.2 million added 13 States to the list of those receiving direct support, bringing the total to 50. All States were actively involved in pseudorabies eradication by the end of FY 1990.

- Scrapie - The scrapie program serves to control and reduce the incidence of scrapie, a highly transmissible, progressively degenerative disease affecting the central nervous systems of sheep and goats. Control is attained through the depopulation of infected animals and their bloodline relatives. Support is also provided for cooperative research in the development of a live animal diagnostic procedure whereby eradication of the disease would be possible. A Scrapie Negotiated Rulemaking Advisory Committee is currently working to develop the proposed specifics of a voluntary flock certification program to replace the regulatory program which currently exists.
- Swine health protection - APHIS cooperates with the States to protect the Nation's \$10 billion swine industry from the introduction of such harmful foreign diseases as hog cholera, African swine fever, and FMD. States may enforce their laws and regulations in lieu of Federal regulations provided they are at least equivalent to the Federal requirements. The States must adequately enforce such laws and requirements, and maintain records and reports of enforcement activities. Otherwise, APHIS must assume a primary enforcement role.

Program activities include searching for illegal garbage feeders, and surveying for African swine fever and hog cholera by testing swine slaughter serum samples from high-risk areas. The primary activity in States where garbage feeding is allowed is the enforcement of regulations requiring the heat treatment of garbage, to kill harmful organisms prior to being fed to swine.
- Tuberculosis - The goal of this program is the eradication of bovine tuberculosis (TB) from domestic livestock. Primary program tools include the traceback and testing of herds from which infected animals were identified at slaughter, testing of suspect cattle to identify positive cases, and full epidemiological investigation to identify sources of infection and possible exposure to other herds. Restrictions are placed on the interstate movement of cattle that are reactors, exposed, or suspects. Limited indemnities are provided to owners of TB-infected animals destroyed in connection with the program.
- Witchweed - The goal of the program is to prevent the spread of witchweed from the Carolinas to other host crop producing areas of the United States and to move towards the eventual eradication of the pest in FY 1995. Witchweed is a parasitic plant that attacks corn, sorghum, sugarcane, rice, and more than 60 species of the grass family. Witchweed kills its host by robbing it of water and nutrients, thus preventing the crop from producing any yield. APHIS works with State and local governments, industry groups, and farmers to control witchweed. Program activities include survey, regulatory enforcement, eradication, and suppression.

The levels of pest and disease management activity are shown by the selected examples that follow:

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
ADC Operations:			
Number of livestock protected:			
Sheep and goats.....	8,136,125	8,200,000	8,000,000
Cattle.....	10,841,000	11,000,000	10,000,000
Crop acres protected:			
Small grains.....	882,500	890,000	750,000
Sunflowers.....	246,353	260,500	220,000
Fruit and nut orchards.....	137,425	138,000	130,000

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Hay, alfalfa, and pasture.....	380,000	385,000	375,000
Citrus.....	36,500	37,000	36,000
Corn.....	56,200	57,000	55,000
Soybeans.....	15,500	16,000	15,000
Vineyards.....	117,300	119,000	116,000
Range and forest acres protected:			
Range.....	7,325,400	7,500,000	7,000,000
Forest.....	2,253,200	2,350,000	1,900,000
Health and safety accomplishments:			
Airports (prevent bird strikes).....	323	325	310
Rabies projects.....	24	30	20
Plague surveillance projects....	260	265	250
Number of requests for assistance:			
Agriculture.....	73,800	74,000	74,500
Urban interests.....	43,500	44,000	44,500
Human health and safety.....	13,000	13,500	14,000
Industrial facilities.....	696	700	750
Natural resources.....	765	770	775
Animal Health Compliance and Enforcement:			
Compliance:			
Inspections conducted at livestock markets and other concentration points.....	16,899	16,662	12,996
Inspections conducted at slaughter establishments.....	4,902	4,833	3,770
Enforcement:			
Number of cases referred to staff	882	970	750
Number of cases referred to OGC..	326	359	315
Number of warnings issued.....	701	771	848
Number of complaints issued.....	217	239	263
Biocontrol:			
Natural Enemies released (thousands):			
Corn Borer.....	62	120	200
Colorado potato beetle.....	29	200	1,000
Diffuse and spotted knapweed.....	390	400	400
Leafy spurge.....	74	150	250
Aphid biocontrol (RWA).....	1,349	1,500	2,000
Boll Weevil:			
Cumulative acres treated (thousands)			
High Plains.....	240	120	180
SE eradication.....	1,038	1,310	100
SW eradication:			
Expanded eradication zone.....	352	120	5
Eradicated zone.....	--	--	--
Brucellosis:			
Cattle:			
Class Free status States.....	31	32	34
Class Free and A status States.....	--	--	--
Class A status States.....	16	17	17
Class B status States.....	6	4	2
Class B and C status States.....	--	--	--
Class C status States.....	--	--	--
Total number of quarantined herds.. at end of year.....	930	837	670
Swine:			
Stage I States.....	7	4	2
Stage II States.....	8	7	4
Validated-Free States.....	35	39	44
Number of infected herds.....	83	71	60

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	<u>1990 Actual</u>	<u>1990 Estimated</u>	<u>1992 Estimated</u>
Cattle Ticks:			
Infested premises under treatment outside of quarantine zone at end of FY--Texas.....	--	4	4
Infested premises under treatment inside quarantine zone at end of FY--Texas.....	9	16	16
Premises freed of ticks (cumulative) Puerto Rico (bovine only).....	5,900	10,400	14,080
Grasshopper and Mormon cricket:			
Cumulative acres treated (thousands).....	256	1,200	2,000
Acres treated in CRP lands (thousands).....	4	--	--
Gypsy moth:			
Cumulative acres treated (thousands).....	7*	--	--
Honey bee pest:			
Compliance agreements with each State.....	--	--	24
Imported fire ant:			
Regulatory violations (State & Fed)	40	40	50
Regulatory inspections (State & Federal).....	9,298	10,000	5,000
Misc. plant and animal diseases:			
Scrapie:			
Total number of infected flocks, includes new & existing flocks.	55	54	53
Number of new infected flocks found.....	38	39	40
Number of exposed flocks under surveillance.....	196	185	--
National Poultry Improvement Plan:			
Number of States classified as U.S. Pullorum Typhoid Clean.....	39	41	48
Number of egg and meat-type breeding flocks in Plan.....	3,917	4,000	4,100
Number of water fowl, exhibition poultry and game bird breeding flocks in Plan.....	2,824	2,900	3,000
Number of States classified as U.S. Mycoplasma Gallisepticum Clean (turkey).....	10	12	14
Pink Bollworm:			
Sterile insects reared (millions)..	810	875	820
Sterile moths released-San Joaquin Valley (millions).....	700	765	700
Sterile moths released-Imperial/ Coachella Valley (millions).....	110	110	110
Pseudorabies:			
States enrolled in the National pseudorabies eradication program.....	43	50	50
Known infected herds.....	7,089	8,000	9,000
Market/Slaughter surveillance.....	380,429	300,000	300,000
Swine Health Protection:			
Number of garbage inspections.....	38,558	38,558	38,000
Number of violations of the SHP Act	603	603	550
Tuberculosis:			
States accredited free.....	42	42	43
Herds located.....	19	22	30
Herds depopulated (per year).....	13	--	--
* Funded from contingency funds			

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Witchweed:			
Total acres released from quarantine.....	22,658	25,000	15,000

4. Animal care programs -- APHIS carries out activities designed to ensure the humane care and handling of animals used in research, exhibition, or the wholesalepet trade. The Agency is also responsible for administering the Horse Protection Act, which prohibits the showing, selling, or exhibition of sored horses.

The statutory authority for this work is contained in the Animal Welfare Act of 1966 and its subsequent amendments; and the Horse Protection Act of 1970 and its subsequent amendments in 1976. The activities carried out are as follows:

- Animal Welfare - Under the Animal Welfare Act, APHIS is responsible for ensuring the humane care and treatment of warm blooded animals used for research or exhibition, or wholesaled as pets. Also, APHIS is responsible for ensuring the humane care of regulated animals when transported in interstate and intrastate commerce, and for preventing the sale as pets or use for research of animals which are stolen. Methods used to conduct the program are investigation of complaints, inspection of all facilities covered under the Act, and training of inspectors.
- Horse Protection - APHIS is responsible for the enforcement of the Horse Protection Act of 1970. The Act prohibits the showing or selling of sored horses. Soring is the practice of causing a horse to improve its gait by the application or use of chemicals, cuts, burns, tacks, irritating devices, or overwork. Compliance efforts include APHIS inspections and monitoring at horse shows, and a form of industry self-regulation known as the Designated Qualified Person Program.

The levels of animal care activity are shown by the selected examples that follow:

	<u>1990 Estimated*</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Animal Welfare:			
Complaints investigated and resolved.....	657	1,000	900
Number of inspections conducted at licensees and/or registrants....	9,936	13,000	12,500
Number of inspections conducted at air terminals.....	616	1,000	900
Number of violations processed....	307	425	400
Horse Protection:			
Staff days and/or nights of inspecting or monitoring horse shows and sales.....	219	450	475

*The workload indicators for FY 1990 are estimates. Final figures will not be available until March 1991.

5. Scientific and technical services -- APHIS develops methods to control animals and pests that are detrimental to agriculture, wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. In addition, APHIS supports its biotechnology program by ensuring that the veterinary biologicals developed for combating disease are potent,

safe, and pure. The Agency's Scientific and Technical Services organization also provides and directs technology development in coordination with other groups in APHIS to support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

The statutory authority supporting this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. The principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; Act of September 21, 1944; the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; the Virus-Serum-Toxin Act of March 14, 1913; and the ADC Act of 1931. Authority to collect user fees for veterinary diagnostics is contained in Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

- ADC Methods Development - The ADC program was transferred to APHIS on December 29, 1985, pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985. From 1939 until its transfer to APHIS, the program was a part of the U.S. Department of the Interior's (USDI) Fish and Wildlife Service (FWS). The basic program mission is to protect American agriculture and other resources through identification, demonstration, and application of the best methods of controlling wild and free ranging animals that are detrimental to agriculture, other wildlife, and public safety. In support of this mission, research and development of control techniques and devices for the operations program and APHIS clientele are provided by the Denver Wildlife Research Center. The program conducts research to maintain current pesticide registrations with the Environmental Protection Agency for products such as strychnine, compound 1080, and Starlicide (DRC-1339). Also, new or improved control tools such as soft traps, the Livestock Protection Collar, repellents, and electroshock techniques are researched.
- Biotechnology - In FY 1987, APHIS laid the foundation for this program by becoming the first Federal Agency to implement final regulations under the "coordinated framework for the regulation of biotechnology." This policy was established by the President's Office of Science and Technology to develop a government-wide regulatory framework for the biotechnology industry. APHIS, under its regulatory authority, approves applications from the biotechnology industry for field trials to test a wide variety of plants and micro-organisms. Additionally, the Agency licenses genetically engineered biological products. APHIS works through appropriate diplomatic channels to promote internationally consistent regulations for the field testing, movement, and importation of biotechnologically derived products.
- Plant methods development laboratories - The Agency conducts activities aimed at developing new methods for the control and/or eradication of various harmful plants and plant pests. Methods under study range from the simple hot water treatment of imported fruits to identifying natural enemies of pests. One goal of the program is to develop methods that could lead to reduced use of chemicals for the control of pests. The program conducts field trials, under controlled conditions, of promising new methods and control tools.
- Veterinary biologics - The goal of this program is to prevent the production and distribution of veterinary biological products that are ineffective, impure, unsafe, and impotent. Program activities include the licensing of all products, inspection of licensed facilities, and testing of a statistically based sampling of licensed products. Biological products produced for distribution and sale both interstate and intrastate come under the purview of this program.
- Veterinary diagnostics - The Agency maintains a diagnostic program for diseases which threaten the livestock, poultry, and related industries of the United States. This program consists of diagnostic laboratory activities which include diagnostic assistance to the livestock and poultry industries as

well as to the States. APHIS has laboratories located at Ames, Iowa, for diagnosing domestic diseases, and Plum Island, New York, for work on diseases, such as FMD, which are exotic to the United States. Services include differential diagnosis, blood and tissue examination, culture analysis, toxicological testing, and reagent and reference antigen production. The program also provides training in domestic and foreign animal disease diagnosis. Beginning in FY 1992, a portion of the cost APHIS incurs for its veterinary diagnostics programs will be recovered through user fees.

The levels of scientific and technical services activity are shown by the selected examples that follow:

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Plant Methods Development:			
Field Trials conducted on new			
Mexfly traps and lures.....	8	12	10
Gypsy moth lure dispensers			
evaluated.....	6	5	5
Insecticide formulations tested for			
gypsy moth in the laboratory.....	27	30	30
Insecticide formulations tested for			
gypsy moth in the field.....	6	6	8
Shipments of test insects to			
cooperators.....	375	400	400
Consultations on exotic pest			
survey methods.....	25	40	35
Aerial pesticide application			
technology tests.....	24	20	15
Evaluations of Russian Wheat Aphid			
biological control agents.....	5	5	10
Cooperative studies on biological			
control evaluation techniques.....	11	13	15
Veterinary Biologics:			
Number of serials processed.....	18,951	19,520	19,520
Percent of serials tested for:			
Potency.....	6.41	7	7
Purity.....	3.21	3	3
Sterility.....	5.79	6	6
Safety.....	0.20	1	1
Chemistry.....	0.16	1	1
Number of inspections:			
In-depth.....	63	68	73
Follow-up.....	12	13	14
Special.....	35	33	32
Veterinary Diagnostics:			
Number of import-export health			
requirement tests conducted at			
National Veterinary Service			
Laboratories (NVSL).....	110,000	140,000	140,000
Number of import-export health			
requirement tests conducted at			
Foreign Animal Diseases			
Diagnostic Laboratories (FADDL).....	21,000	22,000	22,000
Number of fraudulent blood			
screening tests conducted.....	163,000	170,000	170,000
Number of diagnostic tests			
conducted at NVSL.....	485,000	490,000	490,000
Volume of reagents shipped (ml):			
Shipped by NVSL.....	3,200,000	3,300,000	3,300,000
Shipped by FADDL.....	200,000	200,000	200,000

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Number of days training provided:			
International students.....	508	500	500
Domestic students.....	510	500	500

GAO AUDITS

<u>Report No.</u>	<u>Title</u>	<u>Date Issued</u>
HRD-90-118	Food Irrad: Federal Requirements/Monitor	5/11/90
RCED-90-142	1990 Farm Bill	4/23/90
RCED-90-149	Wildlife Mgt.: ADC Effects on Predators	8/9/90
HRD-90-164	FDA Actions/Food Tampering/Chilean Grapes	10/10/90

OIG AUDITS

<u>Report No.</u>	<u>Title</u>	<u>Date Issued</u>
33099-01-FM	OIG Survey, BIS, Ft. Collins--closed	11/02/89
33003-0001-CH	Llama Importation Activities	11/29/89
33002-1-TE	Texas Brucellosis Program	9/12/90
50099-64-HY	Evaluation Internal Control Process	10/10/89
33099-1-TE	PPQ Mission Procurement Activities	6/15/90

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$17,383,000 for pest and disease exclusion activities, consisting of:
- (a) A total increase of \$4,763,000 for pay costs which consist of \$1,905,000 for the annualization of the 1991 pay raise and \$2,858,000 for the 1992 pay raise.
- (b) A decrease of \$500,000 to eliminate the Africanized honey bee (AHB) program (\$500,000 available in FY 1991).

Need for Change. Since its release in Brazil in 1957, the AHB has been advancing toward the U.S. border. The program's original goal was to slow down the northward migration of the bee in Mexico. APHIS was successful in slowing the bee; however, the first AHB pioneer swarm was detected in the United States on October 15, 1990, near Hidalgo, Texas. Therefore, the Agency has discontinued the cooperative program in Mexico and shifted the focus of the program to providing public information, identification and monitoring support, and technology transfer.

Nature of Change. During FY 1991, the program will continue to slow the northward migration of the AHB by eradicating the first five pioneer swarms captured in the United States. In FY 1992, APHIS will continue to provide information, identification and monitoring support, and technology transfer through the cooperative National Honey Bee Certification Program. APHIS will provide funding for this program from the honey bee pests line item.

- (c) An increase of \$12,539,000 for the agricultural quarantine inspection (AQI) program (\$93,268,000 available in FY 1991).

Need for Change. The AQI program is the Nation's major defense in preventing agricultural pests and diseases from entering into the United States. The program's workload continues to increase as the volume of cargo escalates and the number of international air and sea passengers increases. This is reflected in statistics indicating that 37 million passengers entered the United States in FY 1990 compared to 34 million in FY 1989. Passenger arrivals are expected to double by the year 2000. The program needs to increase the level of activities to meet growing international trade and travel and to provide complete protection to U.S. agriculture. In 1991, legislation was enacted authorizing APHIS to charge user fees for the AQI program. The user fee program will be in its first full year in FY 1992.

Nature of Change. With increased funding, APHIS will expand the automated cargo release system to 10 medium sized ports, with 10 more computers at the larger ports. The Agency will add one more detector dog team and five more X-ray machines. APHIS will strengthen its exclusion efforts by launching a major new public information effort to inform the public of AQI regulations. Beginning in FY 1992, AQI reimbursable overtime (\$25,000,000 in FY 1992) will be considered as part of the AQI user fee budget authority. This was previously displayed under "Advances and Reimbursements."

- (d) An increase of \$581,000 for the import-export inspection program (\$8,929,000 available in FY 1991).

Need for change. With continued emphasis on international trade, import-export workload has increased dramatically. For the past several years, the number of animals offered for export and the number of permits requested have increased by approximately 40 percent per year. In contrast, program funding has remained static since FY 1987 except to allow for a portion of annual salary inflation. (Current GNP Implicit Price Index data indicate that the program's appropriation in real dollars has declined by 9.4 percent between FY 1987 and FY 1991.) Last year, APHIS found it necessary to redirect \$750,000 to cover essential program activities. Without an increase for FY 1992, only 70 percent of the necessary workload can be accomplished. In addition to these factors, the program anticipates higher costs for program supplies and materials such as testing supplies, coveralls, boots, and animal feed.

Nature of change. The funds will allow APHIS to carry out a full range of inspections and other activities. These activities are designed to ensure that all imported animals and animal products are free of infectious disease; and that all livestock, live poultry, and hatching eggs exported from the United States are inspected and certified to be free from contagious diseases and are in compliance with USDA health agreements with importing countries. In addition, the funds will support the continued development of a national center for the import and export of animals and animal products. This center will emphasize risk assessment epidemiology, standards development, and improved information collection and analysis. (NOTE: The proposed increase for FY 1992 would be supplemented by offsetting collection (user fees) amounting to \$2,311,000, for a total program increase of \$2,892,000 in order to achieve the program objectives outlined above.)

- (2) A net increase of \$1,929,000 for plant and animal health monitoring activities, consisting of:

- (a) A total increase of \$718,000 for pay costs which consist of \$287,000 for the annualization of the 1991 pay raise and \$431,000 for the 1992 pay raise.
- (b) An increase of \$1,211,000 for the animal disease detection program (\$8,335,000 available in FY 1991).

Need for change. The progress APHIS has achieved in recent years in eliminating or reducing infection levels in brucellosis, tuberculosis, and other diseases, as well as the emergence of increased public and producer awareness and concerns regarding the availability of a safe and economical food supply, are major factors responsible for inherent changes in program methods. These changes have contributed to a shift from a reactive to a proactive approach in effectively addressing growing public concerns over food safety and quality. In order to accommodate the needs of consumers and producers, APHIS must develop and provide necessary technical expertise on the occurrence and economics of animal health events and provide information and methodology for avoiding economic losses from noninfectious, chronic, subclinical, environmental, genetic, and management-induced diseases.

Nature of change. The FY 1992 request provides funds for completion of the NAHMS National Dairy Heifer Project which began in FY 1991 and includes approximately 2,000 herds in 28 States. The project's objective is to generate national information on the health of dairy heifers as well as existing disease conditions and their cost to producers and the nation; and specific information on the relative importance of various preventive medicine practices in heifer health. Individual reports will be provided to participating producers in addition to the national reports on findings and methodology. This information will directly benefit the dairy industry, participating producers, and consumers by helping to identify new approaches to assuring a safe and abundant food supply.

In FY 1992, seven additional States are expected to cooperate with animal health information activities bringing the total number of involved States to 35, covering all of the major livestock and poultry commodities. An estimated ten additional veterinary laboratories will be added to a network for compiling animal disease diagnostic data to establish disease trends. Data collection will be intensified for at least two zoonotic diseases in order to monitor their occurrence so that models can be developed to predict future outbreaks. Intense investigations will be undertaken in response to at least two domestic disease outbreaks in order to identify risk factors and cause, so that prevention and control measures can be suggested. Qualitative and quantitative risk assessment techniques will be enhanced to increase emergency preparedness.

- (3) A net decrease of \$18,228,000 for pest and disease management programs, consisting of:
 - (a) A total increase of \$7,849,000 for pay costs which consist of \$3,142,000 for the annualization of the 1991 pay raise and \$4,707,000 for the 1992 pay raise.
 - (b) A decrease of \$5,361,000 for Animal Damage Control (ADC) operations (\$24,588,000 available in FY 1991).

Need for Change. The ADC program's mission is to provide leadership in the science and practice of wildlife damage control, to protect America's agricultural, industrial, and natural resources, and to safeguard public health and safety. APHIS has carried out its control program in cooperation with other Federal agencies, States, and private industry. As a result, these cooperators have acquired the necessary skills to manage animal damage control problems.

Nature of Change. Funds would be used to maintain a program that focuses on technical assistance and advice. APHIS would reduce current programs involving direct control, and not expand into new geographic areas or begin new initiatives. The Agency would rely on States and private entities to assume responsibility for activities involving direct control of damage by beavers, blackbirds, fish-eating birds, and other species causing problems in the agricultural community.

- (c) A decrease of \$1,777,000 for the animal health compliance and enforcement program (\$12,354,000 available in FY 1991).

Need for Change. The program continues to successfully move from a reactive to proactive posture, with increased focus on animal health and productivity monitoring and public awareness. Continued progress toward eradication of brucellosis and tuberculosis provides a positive climate for the shift.

Nature of Change. The frequency of inspections at slaughter facilities will be reduced, but maintained at levels sufficient to ensure the nation's animal health particularly in areas currently free of disease. Increased emphasis will be placed on regulatory enforcement through education and voluntary compliance rather than prosecutions.

- (d) An increase of \$2,203,000 for the biological control (biocontrol) program (\$4,944,000 available in FY 1991).

Need for Change. The APHIS biocontrol program is an important part of the Federal and State cooperative effort in the acquisition, production, and distribution of biological agents for Russian wheat aphid (RWA), leafy spurge, diffuse and spotted knapweed, Colorado potato beetle, European corn borer, and the alfalfa weevil. In FY 1991, the RWA project was funded as a separate line-item. Since FY 1990, the removal of the RWA program from the biological control line-item has divided the APHIS aphid biological control (ABC) projects. The RWA activities have been carried out in its own line-item, while the remaining aphid project activities have been performed in the biological control line-item. Since both programs use the same facilities and most of the same scientific staff, APHIS proposes to fund both programs from a single source.

Nature of Change. APHIS would consolidate funding for the RWA program under the biological control line item.

- (e) A decrease of \$1,985,000 for the boll weevil program (\$13,135,000 available in FY 1991).

Need for Change. Boll weevil activity consists of three cooperative programs: the High Plains control program, the Southeast eradication program and the Southwest eradication program. The goal of the High Plains program is to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the South and West. The Southeast eradication program has eradicated the boll weevil from Virginia, North Carolina and 95 percent of South Carolina. Growers in the eradicated areas report substantial benefits as a result of this program. Because of these successes, the program was expanded to include Georgia, Alabama and Florida. This program should be in the last year of the eradication phase in FY 1992.

In the Southwest, the original eradication area--which includes parts of southern California, western Arizona, and northern Mexico near the California border--was declared eradicated for boll weevil in 1987. This program was expanded in FY 1988 to include central Arizona and northern Mexico near the Arizona border. This program is expected to be in a maintenance phase in FY 1992. APHIS expects to complete the cooperative eradication programs in Arizona, Florida, Georgia, and southern Alabama by FY 1992. Since eradication activities are winding down in these States, funding needs are diminishing.

Nature of Change. APHIS will continue the boll weevil program in the Southeast and Southwest eradication programs, but with reduced funding. Funding for the Texas High Plains will continue at the current level. The Agency will monitor all recently eradicated areas in the Southeast and Southwest programs to detect and prevent re-infestation, and will maintain the FY 1991 level of activity in the Texas High Plains program.

(f) A decrease of \$2,072,000 for the cattle tick program (\$6,172,000 available in FY 1991).

Need for Change. APHIS participates in cooperative cattle tick eradication programs in Texas and the Commonwealth of Puerto Rico. The Puerto Rico program, initiated in 1979, receives the majority of its funding from a \$10.8 million block grant which was transferred to APHIS from the Food and Nutrition Service (FNS) for FY 1991. FNS plans to make \$10.8 million available in 1992 for this program. We propose to fund the entire effort in Puerto Rico from the funds available from FNS.

Nature of Change. Activities currently funded by APHIS in Puerto Rico including supervisory personnel, equipment, pesticides, gasoline, and vehicle maintenance will be funded from the \$10.8 million available from FNS. APHIS will continue to manage the program and renew the cooperative agreement with Puerto Rico for the hiring of field personnel. Support for the Texas program will be maintained at the present level.

(g) A decrease of \$1,264,000 to eliminate the citrus canker program (\$1,264,000 available in FY 1991).

Need for Change. The more serious A-strain of citrus canker was found in three Florida counties in June 1986. Prior to FY 1991, program activities were funded through the miscellaneous plant and animal diseases and pests line item. To concentrate on a full-scale, more effective A-strain eradication, APHIS proposed a new line item in the FY 1991 budget for the citrus canker program. Program gains have enabled the Agency to again consolidate activities under the miscellaneous plant and animal diseases and pests line item.

Nature of Change. APHIS expects to completely eradicate the A-strain of citrus canker in Florida by April 1992. The winding down of program operations will be funded under the miscellaneous plant and animal diseases and pests line item in FY 1992.

(h) A decrease of \$7,529,000 for the grasshopper and Mormon cricket program (\$8,850,000 available in FY 1991).

Need for Change. The program to control grasshopper and Mormon cricket infestations in the Western States is evolving into a proactive program, stressing forecasting of pest outbreaks and integrated pest management (IPM) techniques. APHIS' IPM Project is committed to developing long-term, environmentally safe solutions to control the grasshopper population in the Western United States. The intensive control measures of the past few years have contributed towards reductions in the responses to infestations. Because there have been lower than average grasshopper populations over the past few years, APHIS anticipates that adequate funds will be carried over into FY 1992 to meet most grasshopper requirements. These carry-over funds estimated at \$12.4 million are in addition to the \$8,850 million appropriated in 1991.

Nature of Change. APHIS will continue to carry out limited, cooperatively funded annual surveys and respond to requests from Federal land managers, State cooperators, and private land owners for technical assistance. The Agency will cover the IPM Project and all anticipated control work with approximately \$4.8 million carried over from the no-year fund in FY 1992.

- (i) A decrease of \$2,680,000 for the imported fire ant program (\$4,232,000 available in FY 1991).

Need for Change. Since 1977, no control substance that is registered for use on most agricultural lands has been proven to be effective. Since 1985, the Agency has not received any requests from States for cooperative treatment programs and States have proven themselves able to successfully eradicate infestations outside the regulated area.

Nature of Change. APHIS will conduct regulatory and survey activities. Extended cooperative regulatory and survey activities with infested States will not be funded.

- (j) A decrease of \$538,000 for the noxious weeds program (\$1,081,000 available in FY 1991).

Need for Change. APHIS works with State and local agencies to detect noxious weeds and prevent them from damaging U.S. agriculture. The program began in 1979 with surveys in 25 States and Puerto Rico, port-of-entry inspections, hydrilla control in Florida, and the formation of a Technical Committee to Evaluate Noxious Weeds. In recent years, funding has been provided for control efforts directed at common crupina, goatsrue, hydrilla, and weed identification, but not for comprehensive surveys.

Nature of Change. APHIS will conduct delimiting surveys for Federally listed noxious weeds which are reported to be present in the United States. Also, the Agency will evaluate and assess ten weeds to determine the extent of current infestation, amount of damage being caused by the weeds, likelihood of spread, and the potential to become widely established. APHIS will prevent the entry of noxious weeds and continue triploid grass carp releases in northeast Mexico to support the Imperial Valley Irrigation District hydrilla eradication project. The Agency will not be requesting funds for common crupina activities; control activities on other weeds will be reduced.

- (k) A decrease of \$1,828,000 for the pink bollworm program (\$2,800,000 available in FY 1991).

Need for Change. APHIS conducts a regulatory, survey, and control program to prevent the spread of the pink bollworm to uninfested areas. APHIS, the State of California, and cotton producers operate a sterile moth rearing facility at Phoenix, Arizona. Since 1968, the program has released sterile moths in the San Joaquin Valley of California to prevent establishment of fertile moths that migrate from the South. The States have gained the necessary knowledge and ability to assume primary responsibility for maintaining this program. In FY 1990, the cotton producers purchased a replacement facility for the sterile moth rearing operation in Phoenix, Arizona. Funding in FY 1991 provided APHIS with \$1.5 million to purchase equipment for the facility.

Nature of Change. Funding for equipment for the new facility is not requested in FY 1992; cotton producers will assume responsibility for completing the equipment and renovation phase. APHIS will no longer conduct regulatory and survey programs outside the infested area. APHIS will continue to contribute to the sterile-moth rearing facility; conduct methods trials, such as the demonstration projects in the San Joaquin Valley; and develop management tools which will assist States and producers.

- (l) A decrease of \$2,400,000 for the Russian wheat aphid program line item (\$2,400,000 available in FY 1991).

Need for Change. Since the same facilities and most of the same scientific staff are to be used for APHIS' RWA and other aphid project activities the Agency believes that the RWA program should be merged into the biological control line item.

Nature of Change. APHIS will no longer fund the RWA program as an individual line item. In FY 1992, program activities will be supported under the biocontrol program. The biological control line item is requesting a \$2.2 million program increase.

- (m) A decrease of \$846,000 for the scrapie program line item (\$846,000 available in FY 1991).

Need for change. An effective control and eradication program is hampered by the lack of an effective diagnostic test for scrapie. Consequently, an acceptable program approach has not been agreed upon by APHIS and producers. Until research produces an effective diagnostic tool, the need for a separate program line-item for scrapie does not exist at this time.

Nature of change. The current line-item for scrapie will be eliminated. Funds for ongoing methods development and field work for scrapie will be covered by the miscellaneous plant and animal pests and diseases line-item.

- (4) A net decrease of \$334,000 for animal care activities, consisting of:

(a) An increase of \$666,000 for pay costs which consist of \$266,000 for the annualization of the 1991 pay raise and \$400,000 for the 1992 pay raise.

(b) A decrease of \$1,000,000 for the animal welfare program (\$9,688,000 available in FY 1991).

Need for Change. Congress added funds to the Administration's FY 1991 request which increased the program's operating base. Also, APHIS incurred heavy start-up costs for vehicles, equipment, and relocation expenses in order to establish and properly staff a separate Regulatory Enforcement and Animal Care organization within the Agency. Now that the unit is fully established and staffed, APHIS can reduce spending in the areas mentioned and still maintain an effective program of inspections. Funding is sufficient to promulgate regulations prohibiting dealers from obtaining dogs and cats at auctions as required by the FACT of 1990.

Nature of Change. With the restructuring completed, APHIS will spend less for equipment and relocations in FY 1992. Routine inspections of low-risk licensees, registrants, and carriers will be reduced in frequency. Additional emphasis will be placed on response to complaints and alleged violations.

- (5) An increase of \$7,713,000 for Scientific and technical services activities consisting of:

(a) An increase of \$2,485,000 for pay costs which consist of \$994,000 for the annualization of the 1991 pay raise and \$1,491,000 for the 1992 pay raise.

(b) An increase of \$214,000 for the biotechnology program (\$5,697,000 available in FY 1991).

Need for Change. Under its broad authority to protect plant and animal health, the Agency regulates the field release, interstate movement, and importation of genetically modified organisms. Permit applications require comprehensive environmental assessments and have become increasingly complex. Also, the number of licensed establishments has steadily increased. All indicators predict that the workload will continue to expand rapidly.

Internationally, the Agency has taken an active role in developing initiatives that promote the international harmonization of biotechnology regulations and bio-safety in product development. The intent is to prevent unnecessary trade barriers and facilitate the transfer of American products into foreign markets. Additional resources will be needed for the Agency to continue to expand its international harmonization activities.

Nature of Change. These funds would be used to hire additional scientific staff, provide training to existing staff, and fund regulatory support activities that enhance the program's ability to make future regulatory decisions concerning biotechnology.

(c) An increase of \$5,014,000 for the Integrated Systems Acquisition Project (ISAP) (no funds available in FY 1991).

Need for Change. ISAP is an Agency initiative to establish a mechanism to procure ADP equipment, software, and services which will enable APHIS' many information management applications to be developed and operate in a consistent, common ADP environment. This procurement is designed to replace the Agency's current mixture of incompatible, antiquated ADP systems. The ISAP initiative will improve the delivery and administration of Agency programs by integrating technologies and information across all levels of the Agency.

This project is being implemented at a time when APHIS, as a result of its strategic planning process, has recognized that it must place a greater emphasis on its role as a collector and disseminator of information relevant to animal and plant pests, pathogens, and diseases. This means that APHIS is placing a corresponding emphasis on the creation and maintenance of automated information systems.

We expect additional benefits to all APHIS programs; following are two examples of how ISAP will improve data base management within APHIS. The Agency's Veterinary Services unit has a number of independent noncompatible databases which are used to track disease outbreaks. ISAP will allow the implementation of the Brucellosis Reporting System (BRRS), Recorded Emergency Animal Disease Information System (READI), and Tuberculosis Information Management System (TIMS) databases, which will all be compatible and be able to share information with the National Animal Health Monitoring System (NAHMS) database. The Plant Protection and Quarantine unit has four databases at various stages in the system life cycle, which target APHIS's support of plant programs. The Pest Information Network (PINET), the Export Certification Project (EXCERPT), the Emergency Response Automated Data System (ERADS), and the National Agricultural Pest Information System (NAPIS) will benefit from ISAP. The increased timeliness and accessibility of centralized essential information will shorten response time to disease outbreaks and save American agriculture hundreds of millions of dollars.

Another category of benefits to APHIS, as a result of ISAP, will be in the area of expanded management information access. Programs like the Direct Customer Support System (DISCUSS), the Management Support System (MSS), and the Animal Damage Control Management Information System (ADC-MIS), are all programs where increased management involvement/awareness will be possible as a result of ISAP.

The systems life benefits, for those eight programs discussed above (out of 158 APHIS programs), exceed \$850 million, whereas the equipment and software to be procured under ISAP (for all 158 programs) will cost less than third of that amount. These benefits will improve productivity, commonality, management dissemination of information.

Nature of Change. The funds requested will finance the first year of a multi-year acquisition beginning in the second half of FY 1992 when the ISAP contract is expected to be effective. We have proposed this as a separate line item because of its large size and so that we do not have to assess each individual line item for the cost. Because this will be a multi-year contract we are requesting that ISAP be funded with no-year funds. This is requested in the general provisions.

- (6) (a) A decrease of \$1,283,000 for the contingency fund (\$4,500,000 available in FY 1991).

Need for Change. APHIS carried forward over \$2.0 million in contingency funds from FY 1990 to FY 1991. With the carry-over funds added to the reduced FY 1992 request, sufficient funds should be available to meet small-scale emergency funding needs in FY 1992.

Nature of Change. There is no program change.

Animal and Plant Health Inspection Service
Geographic Breakdown of Obligations and Staff-Years
1990 Actual and Estimated, 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
Alabama.....	\$4,126,862	48	\$4,310,000	49	\$4,552,000	49
Alaska.....	377,609	6	394,000	6	417,000	6
Arizona.....	4,823,990	77	5,038,000	78	5,321,000	79
Arkansas.....	3,155,480	52	3,295,000	53	3,481,000	53
California.....	41,407,564	488	43,243,000	493	45,677,000	498
Colorado.....	18,269,807	261	19,080,000	264	20,154,000	266
Connecticut....	324,931	12	339,000	12	358,000	12
Delaware.....	228,667	7	239,000	7	252,000	7
Florida.....	19,379,509	320	20,239,000	324	21,378,000	326
Georgia.....	8,938,500	90	9,335,000	91	9,860,000	92
Hawaii.....	10,033,691	192	10,479,000	194	11,068,000	196
Idaho.....	3,480,696	55	3,635,000	56	3,840,000	56
Illinois.....	2,397,627	54	2,504,000	55	2,645,000	55
Indiana.....	1,710,176	17	1,786,000	17	1,887,000	17
Iowa.....	17,195,056	283	17,957,000	286	18,968,000	289
Kansas.....	2,054,668	34	2,146,000	34	2,267,000	35
Kentucky.....	2,223,891	36	2,322,000	36	2,453,000	37
Louisiana.....	5,931,599	72	6,195,000	73	6,543,000	73
Maine.....	531,839	8	555,000	8	587,000	8
Maryland.....	42,750,775	713	44,646,000	721	47,159,000	729
Massachusetts..	2,598,188	62	2,713,000	63	2,866,000	63
Michigan.....	3,366,358	55	3,516,000	56	3,713,000	56
Minnesota.....	7,885,011	187	8,235,000	189	8,698,000	191
Mississippi....	4,662,099	142	4,869,000	144	5,143,000	145
Missouri.....	3,162,531	35	3,303,000	35	3,489,000	36
Montana.....	3,057,584	46	3,193,000	47	3,373,000	47
Nebraska.....	2,964,903	38	3,096,000	38	3,271,000	39
Nevada.....	1,581,610	24	1,652,000	24	1,745,000	24
New Hampshire..	306,736	6	320,000	6	338,000	6
New Jersey.....	5,857,507	94	6,117,000	95	6,461,000	96
New Mexico.....	2,434,993	55	2,543,000	56	2,686,000	56
New York.....	14,341,145	218	14,977,000	220	15,820,000	222
North Carolina.	7,210,517	92	7,530,000	93	7,954,000	94
North Dakota...	1,570,885	36	1,641,000	36	1,733,000	37
Ohio.....	1,821,941	33	1,903,000	33	2,010,000	34
Oklahoma.....	3,913,528	57	4,087,000	58	4,317,000	58
Oregon.....	1,849,929	60	1,932,000	61	2,041,000	61

	1990		1991		1992	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Pennsylvania...	2,934,551	57	3,065,000	58	3,237,000	58
Rhode Island...	216,007	3	226,000	3	238,000	3
South Carolina...	3,720,504	51	3,885,000	52	4,104,000	52
South Dakota...	1,931,135	18	2,017,000	18	2,130,000	18
Tennessee.....	3,355,354	56	3,504,000	57	3,701,000	57
Texas.....	31,736,286	578	33,143,000	583	35,009,000	590
Utah.....	5,252,327	35	5,485,000	35	5,794,000	36
Vermont.....	383,982	9	401,000	9	424,000	9
Virginia.....	1,745,344	40	1,823,000	40	1,925,000	41
Washington.....	2,843,558	70	2,970,000	71	3,137,000	71
West Virginia..	804,495	14	840,000	14	887,000	14
Wisconsin.....	2,596,475	29	2,712,000	29	2,864,000	30
Wyoming.....	1,794,037	40	1,874,000	40	1,979,000	41
Washington, DC.	6,696,085	101	6,993,000	103	7,387,000	103
Puerto Rico....	10,024,986	196	21,294,000	198	21,884,000	200
Virgin Islands.	481,840	8	503,000	8	532,000	8
Asia/Pacific...	1,155,242	3	1,206,000	3	1,274,000	3
Chile.....	377,962	2	395,000	2	417,000	2
Dominican Rep..	761,263	5	795,000	5	840,000	5
Europe/Africa..	1,191,542	9	1,244,000	9	1,314,000	9
Guam.....	8,391	1	9,000	1	9,000	1
Guatemala.....	2,976,720	5	3,109,000	5	3,284,000	5
Mexico.....	36,583,339	67	38,201,000	68	40,353,000	68
Venezuela.....	150,544	1	157,000	1	166,000	1
Total, available						
or estimate.	<u>377,650,371</u>	<u>5,463</u>	<u>405,215,000</u>	<u>5,523</u>	<u>427,414,000</u>	<u>5,573</u>

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter is enclosed in brackets):

Buildings and Facilities

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, [\$21,396,000], \$23,400,000.

BUILDINGS AND FACILITIES

Appropriations Act, 1991.....	\$21,396,000
Budget Estimate, 1992.....	<u>23,400,000</u>
Increase in Appropriation.....	<u>+2,004,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Decrease of one time construction projects in 1991.....	\$17,000,000	-\$17,000,000	--
Maintenance of buildings and facilities.....	4,396,000	+1,004,000	\$5,400,000
Construction of Fort Collins Research Center	--	+2,500,000	2,500,000
Construction of Phase II of Plant Germ Plasm Quarantine Facility Beltsville, Maryland.....	--	+12,000,000	12,000,000
Plum Island Animal Disease Center modernization -- Phase I.....	--	+3,500,000	<u>3,500,000</u>
Total Available	<u>21,396,000</u>	<u>+2,004,000</u>	<u>23,400,000</u>

BUILDINGS AND FACILITIESPROJECT STATEMENT
(On basis of available funds)

	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Construction of facilities.....	\$4,536,020	\$21,396,000	+\$2,004,000	\$23,400,000
Unobligated balance available, start of year.....	-336,874	-9,408,454	--	-9,408,454
Unobligated balance available, end of year.....	9,408,454	9,408,454	--	9,408,454
Total, Estimated appropriated funds.....	13,607,600	21,396,000	+ 2,004,000	23,400,000

EXPLANATION OF PROGRAM

The APHIS appropriation "Buildings and Facilities" funds major non-recurring construction projects in support of specific program activities and recurring construction, alterations, and repairs of existing APHIS facilities.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$17,000,000 for one time construction projects in FY 1991.

(2) An increase of \$ 2,004,000 for buildings and facilities (\$21,396,000 available in FY 1991).

(a) An increase of \$1,004,000 for buildings and facilities maintenance (\$4,396,000 available in FY 1991).

Need for Change. Plans, construction, repairs, alterations, and improvements are performed as needed for APHIS facilities including animal quarantine stations, border inspection stations, sterile insect rearing facilities, and laboratories. As the buildings age, major repairs or replacement of items, such as roofs, heating and ventilation systems, air conditioning, etc., become critical to the overall building operation. The Agency performs these repairs and replaces items as needed. Inflation, the need to adapt buildings to new functions, deterioration of aging buildings, and additional buildings acquired in recent years have greatly reduced the Agency's ability to meet its needs.

Nature of Change. This increase will allow for more timely and adequate maintenance and repair of the APHIS operated facilities.

(b) An increase of \$2,500,000 for construction of the Fort Collins Annex of the Denver Wildlife Research Center (DWRC).

Need for Change. Animal holding facilities and associated laboratories are decentralized and are outdated in terms of meeting regulatory standards for animal care and maintenance. The Wildlife Research Center master plan calls for the site of the Wildlife Research Center to be moved in phases to a more suitable location on the campus of Colorado State University in Fort Collins, Colorado. The requested facilities are necessary to support the first phase, construction of the Animal Research Building which is scheduled for completion in mid-1992.1q

Nature of Change. These funds will finance site preparation, and construction of outdoor animal holding facilities at the Fort Collins, Colorado site. This construction is part of Phase I-B of the DWRC master plan.

(c) An increase of \$12,000,000 to construct the Plant Germ Plasm Quarantine Center.

Need for a Change. APHIS is responsible for ensuring that U.S. agriculture is protected from the threat of exotic pathogens, pests, and weeds. Over the years, the demand for, and importation of, foreign germ plasm has dramatically increased while the quarantine related facilities have deteriorated and staffing has remained unchanged. Long delays in the processing and release of foreign germ plasm have led to increased frustration among end users of foreign germ plasm. Individuals have been encouraged, because of these delays, to smuggle materials into the country which significantly increases the likelihood of accidental introduction of exotic organisms.

The facilities currently utilized for the germ plasm quarantine activities are too small, dispersed, antiquated, understaffed, and lack adequate security for the volume of material requiring processing. Consequently, a 10-year backlog of material has accumulated. The new Plant Germ Plasm Quarantine Center should be completed by the end of 1985 at a cost of about \$36 million. The development program includes the construction of greenhouses and screenhouses, and related structures.

Nature of Change. The increase will be used to fund the second phase of the three phase Master Plan to complete construction of the National Germ Plasm Quarantine Facility at Beltsville, Maryland. This second phase will include construction of seven greenhouses, an equipment storage building, and a utility substation.

(d) An increase of \$3,500,000 for the APHIS share of the Plum Island Animal Disease Center modernization.

Need for Change. The Plum Island Animal Disease Center (PIADC) is located on an island in order to allow research into and diagnostic testing for exotic and highly contagious animal diseases without endangering the domestic animal population. The facility, shared by APHIS and the Agricultural Research Service (ARS), is located in a harsh environment which is buffeted by severe weather and seas.

In September 1988, Congress authorized the consolidation of facilities at PAIDC from 50 structures to approximately 26 structures in order to reduce energy and maintenance costs. In 1989, ARS and APHIS initiated an effort to develop a long range plan for repair and maintenance of the 23 remaining buildings and supporting infrastructure after consolidation.

Nature of Change. This amount represents the APHIS share (40 percent) for the first installment of Plum Island facility modernization costs and is concurrent with a \$6 million increase in the ARS request. The initial construction funds will be used for asbestos removal, electrical repairs, fire safety, building repairs, environmental issues, and dock and harbor repairs.

PASSENGER MOTOR VEHICLES

The 1992 Budget Estimates propose the purchase of 140 replacement passenger motor vehicles.

The passenger motor vehicles of the Service are used by veterinarians, animal health technicians, plant protection and quarantine officers, inspectors, wildlife biologists, and other technical personnel in the performance of their duties. APHIS personnel use passenger motor vehicles during their daily activities to travel between individual ranches, farms, orchards, nurseries, ports, and other commercial firms. Use of common carriers is not feasible because of the need to travel in mostly rural areas. Comparative cost studies have shown that it is more economical to use Government owned vehicles rather than reimburse employees for the use of privately owned cars.

The Service's policy is to pool vehicles for use as much as possible. This results in a minimum of passenger motor vehicles and reduces overall operating costs. Operators are required to maintain and submit operational data. These periodic surveys are made to determine the continued need for vehicles and their condition.

Replacement of passenger motor vehicles. APHIS proposes replacing 140 of the 559 vehicles estimated to be in operation at the beginning of FY 1992. These 559 vehicles are located in 293 field locations and are used for pest and disease exclusion, plant and animal health monitoring, pest and disease management, animal care, and scientific and technical services programs. The control, eradication, testing, and inspection activities are essential in protecting the Nation's agriculture. All vehicles proposed for replacement have 60,000 or more miles or are more than 6 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
			(thousands)		
1985 & older	169	27%	80 or more	114	18%
1986	129	21%	60 - 80	114	18%
1987	9	1%	40 - 60	112	18%
1988	132	21%	20 - 40	91	15%
1989	34	6%	20 or less	191	31%
1990	149	24%			
TOTAL	622	100%	TOTAL	622	100%

AIRCRAFT

The 1992 Budget Estimates propose replacing 1 of the aircraft presently maintained by the Agency. There are presently 20 aircraft in the Agency fleet, 2 for pest and disease exclusion and 18 for pest and disease management programs. During FY 1990, there were 2 aircraft replaced. The aircraft make aerial surveys and aerial application tests, are used for insect trapping operations, and to demonstrate the use of special equipment for suppression of destructive insects attacking crops.

The replacement aircraft would be used primarily in pest and disease management programs. These aircraft are sometimes used to supervise and observe contract planes which are newer, faster models than those the Agency has available. While this replacement authority is requested each year in the appropriation act, the aircraft are replaced only when necessary to maintain the fleet in safe and efficient operating condition.

AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service (AMS) was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by approximately 50 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627); the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601-602, 608a-608e, 610, 612, 614, 624, 671-674); the U.S. Cotton Standards Act (7 U.S.C. 51-65); the Cotton Statistics and Estimates Act (7 U.S.C. 471-476); the Tobacco Inspection Act (7 U.S.C. 511-511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a-499s); the Egg Products Inspection Act (21 U.S.C. 1031-1056); Section 32 (15 U.S.C. 713c); Agricultural Adjustment Act of 1938 (7 USC 1281 et seq.); Agricultural Trade and Assistance Act of 1954 (7 USC 1427, 1431, 1691, et seq.); Rural Development Act of 1972 (7 USC 2662, 2663); International Carriage of Perishable Foodstuff Act of 1982; Capper-Volstead Act (7 USC 291, 292).

The primary objective of AMS is to enhance the marketing and distribution of agricultural products from the Nation's farms. This is achieved through the collection and dissemination of market news information, the establishment of grading standards, the promotion of an efficient agricultural transportation system, inspection and grading services, and various marketing development programs. Approximately three-fourths of the funds needed to finance these activities are derived from user fees.

The Agricultural Marketing Service administers the following programs:

1. Market news service: The market news program entails the collection, analysis and dissemination of supply, inventories, prices and other market information for numerous agricultural commodities, including cotton and cottonseed; dairy products; fruits and vegetables; livestock, meat and grains; poultry products; and tobacco.

Market news provides timely, accurate, and unbiased information to assist producers, growers, and marketers of farm products in making critical decisions of where and when to sell, and at what price. The collection of market information is a joint effort by both Federal and State reporters.

2. Inspection, grading and standardization services: AMS develops and maintains standards of quality and condition for use in the grading of agricultural commodities. These standards provide a common language of trade for buyers and sellers of these commodities both here and abroad. AMS provides grading and certification services upon request for numerous agricultural commodities, including cotton, dairy products, fruits and vegetables, livestock and meat, poultry and eggs, and tobacco. AMS also provides: continuous in-plant inspection to manufacturers of liquid, frozen, or dried egg products to ensure that egg products are wholesome, unadulterated, and fit for human consumption; inspects egg handlers and hatcheries quarterly to ensure the proper disposition of restricted eggs; and controls the importation of egg products to ensure that U.S. requirements are met.

The inspection and grading activities are performed by Federal and Federally-supervised State employees. The egg products inspection program is mandatory and is funded from appropriations while grading activities are provided on a fee-for-service basis.

The commodity scientific support program conducts laboratory tests on agricultural commodities to aid the commodity divisions in assigning grades to submitted samples. The program assures that commercial and private laboratories are performing tests in a consistent, uniform, and accurate manner.

3. Market protection and promotion services: AMS administers programs under several laws which authorize the collection of pesticide residue information, ensure proper marketing practices, stimulate innovative and improved commodity marketing, and provide assistance to industry-sponsored activities. The Food Safety Data Initiative will provide statistically based data on pesticide use and residue levels from selected commodities to Federal Agencies for policy making, regulatory and educational purposes. Once data collection begins, the key components of the food safety plan will be referred to as the Pesticide Data Program. The Federal Seed Act requires truthful labeling of seeds shipped in interstate commerce to prevent misrepresentation. The Plant Variety Protection Act encourages the development of novel varieties of sexually reproduced plants by providing patent-like protection to developers. Oversight and direction is provided to several industry-funded research and promotion programs. During the past year, approximately \$384 million was collected through producer assessments and used by industry to broaden and enhance local and national markets for various commodities. Currently there are active research and promotion programs for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, watermelon, lamb and wool, and mohair.
4. Transportation Services: This program provides technical and administrative direction, coordination, and leadership in the development and execution of agricultural transportation policies and activities. The program's mission is to represent the interests of agriculture and rural communities in the U.S. to assure the availability of an adequate and economical transportation system, domestically and internationally.
5. Wholesale market development: Under this program, AMS provides technical advice and assistance to States and municipalities interested in creating new or upgrading current wholesale market facilities. AMS also conducts cooperative feasibility studies with other government agencies and the private sector to evaluate and suggest improvements in the efficiency with which agricultural commodities are handled and marketed.
6. Federal-State marketing improvement program: This program provides matching funds to State Departments of Agriculture for projects intended to improve the marketing of farm commodities. These funds enable the States to conduct marketing projects to improve local marketing systems. The aim of the program is to reduce the marketing costs for producers and, ultimately, the retail cost of food to consumers. Projects include work in innovative marketing techniques, testing study findings in the marketplace, and developing State expertise in providing service to marketers of agricultural commodities.
7. Perishable Agricultural Commodities Act: Through legal recourse procedures this program protects producers, shippers, distributors and retailers of fresh and frozen fruits and vegetables from financial loss due to buyer bankruptcy or unfair and fraudulent practices in the marketing of perishable agricultural commodities. This program also prohibits the unwarranted destruction or dumping of farm products handled for others.
8. Strengthening agricultural markets and producer income (Section 32): This program provides price assistance to producers through the purchase of surplus and, as necessary, other agricultural commodities from regular market outlets. Contracting offices use both Section 32 program funds and appropriated funds of the Food and Nutrition Service to make these purchases. All commodities purchased are transferred to the Food and Nutrition Service for distribution to schools, to the elderly and to other domestic food assistance programs.

AMS also develops and maintains standard food specifications used government-wide to provide a more efficient Federal food procurement service.

AMS supervises the administration of the marketing agreements and orders program and conducts public hearings and referenda to determine producer sentiment toward new order programs and revisions of current programs. Marketing orders maintain orderly market conditions by establishing minimum

prices which handlers pay to producers for milk and dairy products and by regulating the quality, quantity, or size of fruits and vegetables which handlers may market in commercial channels.

9. Work performed for others: AMS provides services for Federal, State, and private industry on a reimbursable basis, primarily in connection with the commodity grading and inspection programs.

AMS headquarters are located in Washington, D.C., with approximately 282 year-round and seasonal field offices. The peak employment period for AMS occurs during the four month period, September through December, due to the seasonal nature of the cotton, tobacco, and fruit and vegetable grading programs. Employment during the peak period averaged 5,487 during FY 1990. As of September 30, 1990, there were 3,496 full-time employees and 1,623 other than permanent full-time employees. Of this number, employees assigned to field office locations totaled 2,816 full-time and 1,597 other than permanent full-time employees.

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
<u>Agricultural Marketing Service:</u>						
Marketing Services ...	\$35,576,500	635	\$50,348,000	692	\$68,333,000	734
Payments to States and Possessions	1,236,000	--	1,250,000	--	980,000	--
Total	36,812,500	635	51,598,000	692	69,313,000	734
<u>Obligations under other USDA appropriations:</u>						
Agricultural Stabilization & Conservation Service for statistical services.....	--	--	10,000	--	10,000	--
Federal Grain Inspection Service for statistical services.	250,000	4	250,000	4	250,000	4
Food & Nutrition Service for commodity procurement services	680,000	13	709,000	13	709,000	13
Foreign Agri. Service for services on the Mexican sales agreem.	36,062	--	30,000	--	30,000	--
National Agricultural Statistics Service for statistical services.....	--	--	10,000	--	10,000	--
Office of International Cooperation & Development for administrative services.....	48,000	1	48,000	1	48,000	1
Packers & Stockyards Administration for statistical services	50,000	2	60,000	2	60,000	2
Miscellaneous Reimbursements	--	--	3,000	--	3,000	--
Total, Other USDA Appropriations...	1,064,062	20	1,120,000	20	1,120,000	20
Total, Agriculture Appropriations ..	37,876,562	655	52,718,000	712	70,433,000	754
<u>Permanent Appropriations:</u>						
Funds for Strengthening Market, Income, and Supply (Sec. 32)	4,799,509,749	141	5,142,532,504	159	5,174,000,250	173
Carryin	132,717,240	--	294,167,658	--	288,367,750	--
Recovery of prior year obligations	1,992,840	--	--	--	--	--
Deduct transfers out ...	-4,218,489,317	--	-4,767,256,412	--	-4,745,892,000	--
Deduct carryout	-294,167,658	--	-288,367,750	--	-300,000,000	--
Net AMS	421,562,854	141	381,076,000	159	416,476,000	173

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff-Years	Estimated	Staff-Years	Estimated	Staff-Years
Perishable Agricultural Commodities Act Fund ..	6,156,918	131	6,523,000	140	6,523,000	140
Total, Permanent Appropriations	427,719,772	272	387,599,000	299	422,999,000	313
Non-Federal Funds:						
American Egg Board for oversight work	51,116	1	55,000	1	55,000	1
Beef Board for oversight work	163,729	3	150,000	3	150,000	3
Cotton Board for oversight work	113,751	2	117,000	2	117,000	2
Dairy Board for oversight work	321,465	4	400,000	4	400,000	4
Honey Board for oversight work	41,385	1	70,000	1	70,000	1
Pork Board for oversight work	153,514	3	150,000	3	150,000	3
Potato Board for oversight work	54,000	1	61,000	1	61,000	1
Soybean Board for oversight work	--	--	150,000	2	150,000	2
Watermelon Board for oversight work	51,000	1	56,000	1	56,000	1
Egg products inspection:	669,083	--	655,000	--	655,000	--
Fees for grading of cotton and tobacco ...	34,816,260	700	40,162,000	741	50,735,000	741
Grading of farm products for producers, processors, and municipal, State and Federal Agencies	89,245,705	1,918	92,457,000	1,915	95,082,000	1,924
Milk Market Administrators for Federal Telecommunications System& employee compensation:	38,575	--	44,000	--	44,000	--
States for collection & dissemination of market news information	158,985	5	141,000	5	141,000	5
Total, Non-Federal Funds	125,878,568	2,639	134,668,000	2,679	147,866,000	2,688
Milk Market Orders Assessment Funds	33,454,403	534	35,796,000	624	38,302,000	599
Total, Agricultural Marketing Service	624,929,305	4,100	610,781,000	4,314	679,600,000	4,354

Full-Time Equivalent Staff-Years

	1990 Actual	1991 Estimated	1992 Estimated
Ceiling	4,100	4,314	4,354
Non-Ceiling	236	252	252
Total	4,336	4,566	4,606

Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

GRADE	1990			1991			1992		
	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL
FS-6	1	1	2	1	1	2	1	1	2
ES-4	7	7	14	7	7	14	7	7	14
ES-2	4	4	8	4	4	8	4	4	8
GS/GM-15	32	1	33	32	1	33	32	1	33
GS/GM-14	70	22	92	70	22	92	70	23	93
GS/GM-13	102	66	168	106	72	178	110	76	186
GS-12	113	188	301	118	199	317	120	202	322
GS-11	59	240	299	62	258	320	68	261	329
GS-10	--	20	20	--	20	20	--	20	20
GS-9	62	838	900	65	848	913	73	850	923
GS-8	5	249	254	6	248	254	6	248	254
GS-7	80	270	350	90	281	371	100	287	387
GS-6	50	39	89	58	38	96	61	38	99
GS-5	47	216	263	51	220	271	55	223	278
GS-4	53	144	197	55	145	200	58	147	205
GS-3	18	27	45	20	27	47	21	27	48
GS-2	4	7	11	4	10	14	4	10	14
Milk Market Orders Administrators and Staff	--	550	550	--	602	602	--	577	577
Ungraded Positions	1	20	21	1	20	21	1	20	21
Total Permanent Positions	708	2,897	3,605	750	3,011	3,761	791	3,010	3,801
Unfilled Positions end-of-year	-27	-66	-93	--	--	--	--	--	--
Total, Permanent Employment, end-of year	681	2,831	3,512	750	3,011	3,761	791	3,010	3,801
Staff-Years: Ceiling	658	3,442	4,100	700	3,614	4,314	741	3,613	4,354
Non-Ceiling	16	220	236	16	236	252	16	236	252
TOTAL	674	3,662	4,336	716	3,850	4,566	757	3,849	4,606

AGRICULTURAL MARKETING SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$7,045,105	\$8,110,000	\$9,735,000
Field	13,570,756	15,372,000	17,332,000
11 Total personnel compensation	20,615,861	23,482,000	27,067,000
12 Personnel benefits	4,060,740	4,838,000	5,982,000
13 Benefits for former personnel	<u>57,459</u>	<u>157,000</u>	<u>166,000</u>
Total personnel compensation and benefits	<u>24,734,060</u>	<u>28,477,000</u>	<u>33,215,000</u>
Other Objects:			
21 Travel	1,313,555	1,549,000	2,004,000
22 Transportation of things	124,481	95,000	169,000
23.2 Rental payments to others	282,000	457,000	483,000
23.3 Communications, utilities and misc. charges	2,400,534	2,697,000	3,956,000
24 Printing and reproduction	221,742	267,000	466,000
25 Other services	5,178,818	14,874,000	25,185,000
26 Supplies and materials ..	500,000	542,000	750,000
31 Equipment	447,351	1,390,000	2,105,000
41 Grants, subsidies and contributions	1,236,000	1,250,000	980,000
42 Insurance claims and indemnities	4,327	--	--
43 Interest and dividends ..	<u>774</u>	<u>--</u>	<u>--</u>
Total other objects	<u>11,709,582</u>	<u>23,121,000</u>	<u>36,098,000</u>
Total direct obligations	<u>36,443,642</u>	<u>51,598,000</u>	<u>69,313,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$77,967	\$94,625	\$99,356
Average Salary, GM/GS positions	\$30,356	\$31,603	\$33,168
Average Grade, GM/GS positions	8.75	8.75	8.75

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing Services:

For necessary expenses to carry on services related to consumer protection, agricultural marketing, transportation and distribution, and regulatory programs as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$90,000 for employment under 5 U.S.C. 3109, [~~\$50,343,000~~] \$68,333,000; of which not less than [~~\$1,934,000~~] \$2,094,000 shall be available for the Wholesale Market Development Program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

The change in language is for the purpose of including the activities which were transferred from the Office of Transportation.

MARKETING SERVICES -- CURRENT LAW

Appropriation Act, 1991	\$47,914,000
Budget Estimate, 1992	68,333,000
Increase in Appropriation	<u>+20,419,000</u>

Adjustment in 1991

Appropriations Act, 1991	\$47,914,000	
Activities transferred from Office of Transportation a/ .	+2,429,000	
Activities transferred from Rental Payments to General		
Services Administration	<u>+5,000</u>	
Adjusted base for 1991		50,348,000
Budget Estimate, Current Law, 1992		68,333,000
Increase over adjusted 1991		<u>+17,985,000</u>

a/ Pursuant to Secretary's Memorandum No. 1030-25, on January 1, 1991, the Office of Transportation and its functions were transferred to this account. Actual transfer of funds of \$1,794,000 were made in 1991. On a comparable basis the full annual cost of the activity is \$2,429,000 for 1991 and \$2,605,000 for 1992.

MARKETING SERVICES - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1992.....	\$68,333,000
Change due to proposed legislation.....	<u>-4,859,000</u>
Net Request, President's 1992 Budget Request.....	<u>63,474,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Market News Service	\$17,378,000	+\$1,670,000	+\$956,000	\$20,004,000
Inspection and Standardization	14,858,000	+1,304,000	+1,243,000	17,405,000
Market Protection and Promotion	13,749,000	+327,000	+12,149,000	26,225,000
Wholesale Market Development	1,934,000	+129,000	+31,000	2,094,000
Transportation Services	<u>2,429,000</u>	<u>+155,000</u>	<u>+21,000</u>	<u>2,605,000</u>
Total Available	<u>50,348,000</u>	<u>+3,585,000</u>	<u>+14,400,000</u>	<u>68,333,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>Increase or Decrease</u>	<u>1992 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
1. <u>Market News Service:</u>							
(a) Cotton and cottonseed ..	\$1,713,387	32	\$1,838,000	32	+\$266,000	\$2,104,000	32
(b) Dairy products ..	556,052	9	471,000	8	+87,000	558,000	8
(c) Fruits and vegetables ..	4,722,099	98	4,983,000	99	+760,000	5,743,000	99
(d) Livestock, meats&grain:	6,437,782	119	6,887,000	120	+1,048,000	7,935,000	120
(e) Poultry products ...	2,069,029	39	2,312,000	41	+340,000	2,652,000	41
(f) Tobacco	716,665	17	887,000	20	+125,000	1,012,000	20
Total,							
Market News					(1)		
Service	16,215,014	314	17,378,000	320	+2,626,000	20,004,000	320

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>Increase or Decrease</u>	<u>1992 Estimated</u>	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
. <u>Inspect. and</u>							
. <u>Standardiza.</u>							
a) Egg products:							
inspection..	9,498,945:	170:	11,041,000:	189:	+2,068,000:	13,109,000:	199
b) Standardiza-							
tion.....	3,747,783:	68:	3,817,000:	68:	+479,000:	4,296,000:	68
total, Inspec.					(2):		
& Standardiza..	13,246,728:	238:	14,858,000:	257:	+2,547,000:	17,405,000:	267
. <u>Market Pro-</u>							
. <u>tection and</u>							
. <u>Promotion:</u>							
a) Federal							
Seed Act ..	1,072,593:	18:	1,076,000:	18:	+123,000:	1,199,000:	18
b) Market deve-							
lopment and:							
assistance..	697,157:	10:	12,673,000:	37:	+12,353,000:	25,026,000:	69
total, Market							
Protection and					(3):		
Promotion	1,769,750:	28:	13,749,000:	55:	+12,476,000:	26,225,000:	87
. <u>Wholesale</u>							
. <u>Market</u>					(4):		
. <u>Development.</u>	1,599,673:	23:	1,934,000:	25:	+160,000:	2,094,000:	25
. <u>Transporta</u>					(5):		
. <u>tion Svcs.</u>	2,376,477:	32:	2,429,000:	35:	+176,000:	2,605,000:	35
obligated bal..	368,858:	--	--	--	--	--	--
total, available:							
or estimate ...	35,576,500:	635:	50,348,000:	692:	+17,985,000:	68,333,000:	734
transfer from							
Office of							
Transportation	-2,397,000:	-32:	-2,429,000:	-35:			
transfer from							
Rental Payments:							
to GSA	-8,500:	--	-5,000:	--			
total							
appropriation..	33,171,000:	603:	47,914,000:	657:			

EXPLANATION OF PROGRAM

. Market News Service:

The market news program is carried out under the following authorities:

Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
Naval Stores Act
Tobacco Statistics Act
Tobacco Inspection Act of 1935
U.S. Cotton Futures Act
Peanut Statistics Act
Food Security Act of 1985

Market news information is gathered on various agricultural products including dairy products, fruits and vegetables, livestock and meat, grain, poultry, eggs, cotton and tobacco. Market news provides those engaged in the production and marketing of farm products, as well as related industries with timely, accurate, and unbiased market information. This market information covers local, regional, national, and international markets and includes current data on supply, movement, contractual agreements, inventories, and prices at specific markets for practically all agricultural commodities. On a day-to-day basis those utilizing market news information are in a position to make the critical decisions of where and when to sell, and at what price.

Market information is obtained by both Federal and State reporters at trading points or by telephone. Information collected by these reporters is analyzed and disseminated immediately to the agricultural community by automatic telephone answering devices, facsimile machines, printed reports, radio and television, newspaper columns, and data networks. National information is integrated with local information and released in a form easily understood by the industry and locality served. Subscription fees are now charged for all printed and mailed reports except tobacco. Legislation authorizing the investment of these funds is contained in the Food, Agriculture, Conservation, and Trade Act of 1990.

Market News Workload Data, FY 1990:

<u>Commodity Group</u>	<u>Field Offices</u>		<u>Buyers and Sellers Inter-viewed</u>	<u>Printed Reports Issued (Thous.)</u>	<u>Number on Mailing List</u>	<u>No. of Federal Reporters</u>	<u>No. of Markets Covered</u>
	<u>Year Round</u>	<u>Seasonal</u>					
Cotton and Cottonseed	4	--	2,823	512	3,198	8	7
Dairy and Dairy Products	1	--	500	107	2,620	4	46
Fruits and Vegetables	38	14	10,464	1,149	17,648	53	802
Livestock, Grain, and Meat	49	--	15,000	300	4,624	70	674
Poultry and Eggs	13	--	1,600	82	933	24	81
Tobacco	2	2	500	16	960	5	137

2. Inspection, Grading and Standardization:

This program is carried out under the following authorities:

- Agricultural Marketing Act of 1946
- Agricultural Fair Practices Act
- Cotton Statistics and Estimates Act of 1927
- U.S. Cotton Futures Act
- United States Cotton Standards Act
- Naval Stores Act
- Tobacco Inspection Act of 1935
- Tobacco Statistics Act
- Wool Standards Act
- Egg Products Inspection Act
- Dairy and Tobacco Adjustment Act of 1983
- Food Security Act of 1985

This program covers three distinct areas that facilitate the domestic and international marketing of agricultural commodities: development and maintenance of commodity quality standards, egg products inspection, and commodity grading.

- a. Standards. AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition. Standards are developed for use in grading cotton, tobacco, naval stores, wool, mohair, livestock and meat, poultry, eggs, fruits, vegetables, nuts, and dairy products.

Standardization Workload Data:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
International and U.S. standards in effect, end of year	593	593	595
Number of commodities covered	237	237	237
Standards revised	7	13	14

- b. Inspection. This activity involves continuous mandatory inspection of egg processing plants producing liquid, frozen, or dried egg products to ensure products sold are wholesome, unadulterated and truthfully labeled. In cooperation with State Departments of Agriculture, shell egg grading operations are inspected at least four times yearly to control the disposition of certain types of undergrade and restricted eggs.

Egg Products Inspection Workload Data:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Egg products inspected (million pounds)	1,755	1,878	2,010
Egg products accepted (million pounds)	47	47	47
Egg products plants	84	84	85
Egg handler surveillance visits	7,910	7,600	7,300
States and Commonwealths with cooperative agreements	52	52	52
Official samples submitted for analysis:			
Food chemistry and microbiology	19,000	20,000	21,000
Chemical residues	472	500	500

- c. Grading. The grading process involves the application of quality standards to agricultural commodities. Grading services are offered to users who pay published fees for services provided. These services facilitate marketing by permitting purchasers to buy commodities without having to inspect them personally and by providing an impartial evaluation of the quality of products prior to their sale. AMS certification services provide assurance to buyers that the products they receive are the quantity and quality specified in their contract with the seller.

Grading Workload Data:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Cotton Classifications (thousand bales):			
Smith-Doxey Amendment	12,916	13,235	14,500
United States Cotton Standards Act:			
Public Classing Service	104	56	57
U.S. Cotton Futures Act	290	350	350
Total, Cotton Classifications	13,310	13,641	14,907
Cottonseed Grade Certificates Issued (thousands)	24	24	25

Poultry and Egg Grading:

Poultry products graded (includes rabbits - million pounds)	14,789	15,401	16,230
Shell eggs graded (million dozen)	1,484	1,419	1,358
Pounds accepted (poultry - million pounds)	953	990	1,040
Dozens accepted (eggs - million dozen)	527	528	526

Meat Grading:

Meat graded (million pounds)	14,900	15,700	15,700
Meat accepted (million pounds)	800	800	800

Livestock Grading:

Livestock graded (million pounds)	43	44	44
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Fresh Fruit, Vegetable & Nut Grading:

Product inspected (million pounds)	82,100	84,700	87,400
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Processed Fruit and Vegetable Grading:

Product inspected (million pounds)	8,900	8,900	9,000
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Dairy Grading:

Butter graded (million pounds)	1,016	1,400	1,450
Cheese graded (million pounds)	35	100	150
Dry milk graded (million pounds)	188	200	300
Other products graded (million pounds)	62	75	75
Plant inspections	1,400	1,750	1,750

Tobacco Grading:

Flue-cured (million pounds)	1,004	950	900
Fire-cured (million pounds)	15	25	20
Dark air-cured (million pounds)	4	8	5
Burley (million pounds)	580	600	600
Tobacco Reinspection (million pounds)	53	60	60
Imported Tobacco Inspection (million pounds)	207	200	200

TOTAL, Tobacco Inspection and Grading	1,863	1,843	1,785
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3. Market Protection and Promotion:

In the administration of market protection and promotion activities the Agricultural Marketing Service operates under the following authorities:

Agricultural Marketing Act of 1946
 Capper Volstead Act
 Cotton Research and Promotion Act
 Egg Research and Consumer Information Act
 Export Apple and Pear Act
 Export Grape and Plum Act
 Federal Seed Act
 National Wool Act of 1954
 Plant Variety Protection Act
 Potato Research and Promotion Act
 Dairy and Tobacco Adjustment Act of 1983
 Honey Research, Promotion and Consumer Information Act
 Beef Promotion and Research Act of 1985
 Pork Promotion, Research, and Consumer Information Act of 1985
 Watermelon Research and Promotion Act

- a. Food Safety Data Initiative. USDA has developed a cooperative Federal-State program for improving the amount and quality of data available on pesticide use and levels of pesticide residue in domestically-produced fresh fruits and vegetables. The Food Safety Data Initiative is to be administered by AMS and several other USDA agencies. In FY 1991, AMS will enter into agreements with six States (New York, Washington, Michigan, Florida, California, and Texas) which have on-going pesticide residue programs. The States will statistically sample and test commodities within marketing distribution channels for the presence of pesticide residues. In the future, the program will be broadened to include additional agricultural commodities and a greater number of participating states. Once data collection begins, the key components of the food safety plan will be referred to as the Pesticide Data Program.

Pesticide Data Program Workload Data:

	1990 <u>Actual</u>	1991 <u>Estimate</u>	1992 <u>Estimate</u>
Participating States	0	6	14
Commodity/Pesticide Pairs	0	105	105

- b. Federal Seed Act. This Act regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling and advertising of seed and the shipment of prohibited noxious-weed seed into a State. About 500 State seed inspectors are authorized to inspect seed subject to the Act. Seed samples are routinely drawn by State seed inspectors to monitor seed sold commercially. Should an inspection reveal infractions of the Act, a complaint may be referred to AMS by the cooperating State agency. Based on the results of the tests and investigations, AMS attempts to resolve each case administratively. If a case cannot be resolved administratively, AMS will initiate appropriate legal action. Intrastate infractions are subject to State laws.

Federal Seed Act Workload Data:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
<u>Seed Testing:</u>			
Seed samples tested in connection with:			
Interstate shipments	1,023	1,100	1,200
Check tests	552	700	700
Variety testing	<u>2,392</u>	<u>2,000</u>	<u>2,400</u>
Total number of samples tested	3,967	3,800	4,300
<u>Interstate Enforcement:</u>			
Cases for Investigation:			
Total to be investigated	1,852	1,600	1,600
Investigations completed	1,104	1,000	1,000
Pending at end of year	748	600	600
Administrative Actions:			
No action warranted	152	150	150
Warnings issued	803	700	700
Citations issued	347	150	150
Prosecutions recommended	--	--	--
Administrative Settlements:			
Settlements terminated	135	250	150
Settlements pending	212	--	--

- c. Plant Variety Protection Act. This program offers legal protection to developers of novel varieties of sexually reproduced plants through the issuance of a certificate. These certificates assure developers exclusive rights to sell, reproduce, import, or export such varieties, or use them in the production of hybrids of different varieties for a period of 18 years. Fees are charged to those applying for certificates of protection and the funds are retained by the Department to fund the program.

Plant Variety Protection Workload Data:

	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
Backlog of applications, beginning of year	443	605	615
New applications received	270	270	260
Certificates issued	99	230	260
Applications abandoned	9	30	30
Pending applications, end of year	605	615	585
Number of years to process backlog applications	2.8	2.8	2.3

- d. The Research and Promotion Acts. The various Research and Promotion Acts provide for the collection of an assessment from producers to carry out research and promotion activities for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, and watermelons. It is the responsibility of AMS to review and approve the budgets and the projects proposed by the research and promotion boards. Each research and promotion activity reimburses AMS for the cost of overseeing these programs.

Legislation authorizing the establishment of research and promotion activities for pecans, mushrooms, limes, soybeans, and fluid milk is contained in the Food, Agriculture, Conservation and Trade Act of 1990.

Research and Promotion Programs
(Dollars in Millions)

	<u>FY 1990 Actual</u>		<u>FY 1991 Estimate</u>		<u>FY 1992 Estimate</u>	
<u>Programs</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>
Beef	\$44.0	\$66.0	\$43.0	\$50.0	\$43.0	\$50.0
Cotton	37.2	24.2	38.5	26.4	40.9	28.0
Dairy	75.1	77.9	77.4	79.5	77.2	80.7
Egg	7.2	7.1	7.2	7.3	7.2	7.3
Honey	2.5	3.7	2.5	3.2	2.5	2.2
Pork	30.0	28.0	26.0	26.0	26.0	26.0
Potato	6.1	5.4	6.1	5.0	6.1	5.0
Watermelon	<u>1.2</u>	<u>0.9</u>	<u>1.2</u>	<u>0.9</u>	<u>1.2</u>	<u>0.9</u>
Total	<u>\$203.3</u>	<u>\$213.2</u>	<u>\$201.9</u>	<u>\$198.3</u>	<u>\$204.1</u>	<u>\$200.1</u>

Hearings on the need for a Watermelon Research and Promotion program, as authorized under the Watermelon Research and Promotion Act of 1985, were held in February and March of 1987. A recommended decision based on hearing evidence, was published on March 7, 1988. After a comment period, the Secretary's decision was issued December 20, 1988, which directed that a referendum be conducted to determine whether the issuance of the proposed order was favored by producers and handlers. A referendum was conducted

during February 1989 with a majority of both producers and handlers voting in favor of the proposed order. The order became effective on June 8, 1989, and was fully implemented in April 1990.

By authority of the Egg Research and Consumer Information Act Amendments of 1988, egg producers voted July 16-August 10, 1990, to permanently eliminate the refund provision from the Egg Research and Promotion Order. As a result, producers owning more than 30,000 laying hens will pay five cents per 30-dozen case of commercial eggs on a non-refundable basis to the American Egg Board for research and promotion activities. It is anticipated that \$7.25 million will be available in 1991 in support of these activities. For the first time since the program began in 1976, the Board will be able to formulate long-range plans based on a consistent income.

The Food, Agriculture, Conservation and Trade Act of 1990 amends the Cotton Research and Promotion Act, the Potato Research and Promotion Act, and the Honey Research, Promotion and Consumer Information Act. The amendments terminate refund provisions and authorize Board assessments of imported products. The amendments will be implemented if approved by the majority of producers voting in a referendum. Referendums for these research and promotion programs are expected to be held sometime in FY 1991.

Wholesale Market Development:

Activities in this program are carried out under the authority of the Agricultural Marketing Act of 1946.

The Wholesale Market Development Program conducts research and provides technical assistance aimed at improving food marketing efficiency. It emphasizes the most effective types of facilities needed to market farm products, to distribute food within urban areas, and to assess new marketing methods. Projects are conducted in cooperation with growers, trade groups, individual food companies, and State and local governments.

Program activities for FY 1991 are primarily associated with projects initiated in prior years, including high priority projects mandated by Congress and technical assistance to help implement previous wholesale market studies. Major studies include: (1) a comprehensive evaluation of the need for new wholesale food facilities in Chicago, Illinois to maintain an efficient flow of food and related products to this important population center, (2) an assessment of the potential for developing a major food and related products marketing center in the Columbia area of South Carolina, and (3) a feasibility study for a multi-faceted market center in Maine. The research phase of a major study to determine the need for new wholesale facilities to serve the Phoenix, Arizona area is planned for completion in FY 1991, as is a cooperative study with the Florida Department of Agriculture and the University of Florida on the movement of produce and ornamentals. Technical assistance and follow-up to support State and local efforts to implement previous studies is important to the expansion of the Central New York Regional Market at Syracuse, the relocation and expansion of the Raleigh, North Carolina State Farmers' Market; and the development of a new wholesale produce market for the greater San Diego, California area. Additional technical assistance is being provided to help local decision makers implement recent advances in refrigeration technology on modern wholesale food distribution centers.

Other market development activities planned for FY 1991 include: (1) evaluation of the processing, distribution, and test marketing of farm-raised hybrid striped bass in Maryland, (2) continued development of the centralized marketing program with the 14 cooperatives in the Horticultural Producers Federation, (3) cooperative research with the Oregon State University to market super sweet Japanese melons and melon balls, (4) economic engineering assistance to farm groups to improve methods and facilities for grading and packing farm products, (5) a study of improvements to the marketing and distribution system of value-added processing for small food processors of local products in Maine, (6) continued work on the reduction of Salmonella in broiler cages study with the University of Maryland, (7) and continued survey-testing of shipments of fresh vegetables to the Pacific Rim countries.

Wholesale Market Development Workload Data:

	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
Wholesale market facilities studies completed	4	2	2
Research projects completed	5	4	4

5. Transportation Services:

The Agricultural Marketing Service carries out Transportation Services activities under the following authorities:

Agricultural Marketing Act of 1946
 Agricultural Adjustment Act of 1938
 Agricultural Trade and Assistance Act of 1954
 Rural Development Act of 1972
 International Carriage of Perishable Foodstuffs Act of 1982.

These activities are designed to assure that the transportation system will adequately serve the agricultural and rural areas of the United States and will provide the services necessary to assure the residents of these areas adequate facilities for the movement of agricultural commodities and people. The main areas of responsibility are providing technical assistance to shippers and carriers, technological research, development, demonstrations in agricultural transport equipment, and participation in transportation regulatory actions before various Federal agencies. This program administers the implementation of the International Carriage of Perishable Foodstuffs Act of 1982. In addition, Transportation Services provides economic analyses to enable the Department of Agriculture to develop policy recommendations for addressing current or anticipated problems in domestic and international agricultural transportation.

MARKETING SERVICES

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$2,626,000 for market news (\$17,378,000 available in 1991) consisting of:
- (a) an increase of \$1,670,000 for pay costs which consists of \$791,000 for the annualization of the FY 1991 pay raise and, \$879,000 for the FY 1992 pay raise.

- (b) an increase of \$279,000 to offset increased operating costs.

An increase is needed to maintain agency efforts to collect, analyze, and disseminate timely market news information. Resources will be increased to provide the funding necessary to continue current program levels.

- (c) an increase of \$677,000 to implement the government-wide FTS 2000 system.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment and service initiation costs required by the FTS 2000 system.

- (2) An increase of \$2,547,000 for inspection and standardization (\$14,858,000 available in FY 1991) consisting of:

- (a) an increase of \$1,304,000 for pay costs which consists of \$700,000 for the annualization of the FY 1991 pay raise and, \$604,000 for the FY 1992 pay raise.

- (b) an increase of \$266,000 to offset increased operating costs.

An increase is needed to keep commodity grade standards current and to make inspection services available to all who require or request them. Resources will be increased to provide the funding necessary to continue current program levels.

- (c) an increase of \$177,000 to implement the government-wide FTS 2000 system.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment and service initiation costs required by the FTS 2000 system.

- (d) an increase of \$800,000 to provide greater assurance that egg products reaching consumers are wholesome and free of harmful substances.

Need for change. Additional funding is needed for the egg products program to continue to effectively perform its egg products inspection and shell egg surveillance duties and responsibilities in protecting consumers. The egg industry is becoming larger and more complex as it adapts to the changing needs of the consumer. Over the past few years the industry trend has been toward a steady increase in the volume of egg products produced, and consequently, an increase in egg products inspection workload. Furthermore, AMS must ensure that cooperating states are properly complying with the requirements of the Egg Products Inspection Act.

Finally, a Hazard Analysis Critical Control Points (HACCP) system is being studied for possible implementation into the Egg Products Inspection Program. The HACCP system could increase the overall efficiency and effectiveness of the program. Without an increase, the program will not have sufficient funding to accommodate changes in the egg industry or implement any improvements such as HACCP.

Nature of Change. Larger egg products plants with longer hours of operation and higher volumes of eggs and egg products processed require additional inspectors and expanded shifts to continue to fulfill the inspection requirements of the Egg Products Inspection Act. Federal supervision must be intensified to ensure proper compliance with shell egg surveillance requirements of the Egg Products Inspection Act for mandatory quarterly inspections of shell egg handlers who pack eggs for sale to the ultimate consumer, as well as to expand monitoring of egg breaking plants where noncompliance has been a concern. Increased funding will also allow implementation of the Hazard Analysis Critical Control Points (HACCP) system. Implementation of this system will require an evaluation of each egg processing plant to identify critical control points and will require testing for the presence of microorganisms and other factors.

- (3) An increase of \$12,476,000 for market protection and promotion (\$13,749,000 available in 1991) consisting of:
- (a) an increase of \$327,000 for pay costs which consist of \$124,000 for the annualization of the FY 1991 pay raise and, \$203,000 for the FY 1992 pay raise.
 - (b) an increase of \$614,000 to offset increased operating costs.

An increase is needed to allow the Agency to provide full services for market protection and promotion programs. Resources will be increased to provide the funding necessary to continue current program levels.

- (c) an increase of \$35,000 to implement the government-wide FTS 2000 system.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment and service initiation costs required by the FTS 2000 system.

- (d) an increase of \$10,000,000 for Pesticide Data Program.

Need for Change. This increase is part of a Department-wide food safety initiative developed to respond to consumer and producer concerns over pesticide residue in food. Recent food contamination issues have intensified the need for comprehensive information regarding chemical use on agricultural crops. Nationwide pesticide usage data will be used by USDA to develop its ability to proactively deal with public concerns about pesticide usage. The data collected also augments Environmental Protection Agency and Food and Drug Administration information used to determine the validity of real or perceived food contamination emergencies and to make decisions on actions required to resolve issues. The data collected will provide all public agencies with more comprehensive information on which to base decisions concerning the use of pesticides. The expanded program will provide a wider range of scientifically-based data to prevent pesticide issues from unnecessarily disrupting national and international trade.

Nature of Change. Additional funding is needed to expand the collection of pesticide residue data. Data will be collected from a greater number of States, on additional commodities and pesticides. The expansion will provide more statistically-reliable information on pesticide residue levels in the Nation's food supply to Federal and State agencies.

- (e) an increase of \$1,500,000 to initiate a pesticide recordkeeping program.

Need for Change. The 1990 Farm Bill requires recordkeeping by certified applicators of restricted use pesticides. Currently no recordkeeping requirements exist at the Federal level for noncommercial applicators of pesticides in agricultural production. However, some States have their own programs for recordkeeping or reporting this type of information.

Nature of Change. AMS will develop and issue regulations for the maintenance and availability of restricted pesticide use data. These data will provide records of what pesticides were applied, amount, time of application, and location of use. The records will be available to be surveyed by NASS for an annual comprehensive report of restricted pesticide use to facilitate State and Federal agencies statistical analysis for environmental and agronomic purposes, and to health professionals if necessary to provide medical treatment.

- (4) An increase of \$160,000 for wholesale market development (\$1,934,000 available in FY 1991) consisting of:

(a) an increase of \$129,000 for pay costs which consist of \$52,000 for the annualization of the FY 1991 pay raise and, \$77,000 for the FY 1992 pay raise.

(b) an increase of \$17,000 to offset increased operating costs.

An increase is needed to allow the Agency to maintain efforts to develop and improve the marketing of agricultural products at the wholesale level. Resources will be increased to provide the funding necessary to continue current program levels.

(c) an increase of \$14,000 to implement the government-wide FTS 2000 system.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment and service initiation costs required by the FTS 2000 system.

- (5) An increase of \$176,000 for transportation services (\$2,429,000 available in FY 1991) consisting of:

(a) an increase of \$155,000 for pay costs which consist of \$69,000 for annualization of the FY 1991 pay raise and, \$86,000 for the FY 1992 pay raise.

(b) an increase of \$21,000 to offset increased operating costs.

An increase is needed to allow the Agency to continue to promote and assist in the development of an efficient agricultural transportation system. Resources will be increased to provide the funding necessary to continue current program levels.

Agricultural Marketing Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	1992		
	Current Law	Program Changes	President's Request
Market News Service	\$20,004,000	-\$10,000	\$19,994,000
Inspection & Standardization ...	17,405,000	-4,296,000	13,109,000
Market Protection and Promotion.	26,225,000	-933,000	25,292,000
All Other	4,699,000	--	4,699,000
Conversion Costs	--	+380,000	380,000
Total Available	<u>68,333,000</u>	<u>-4,859,000</u>	<u>63,474,000</u>

Explanation of Proposed Legislation:

The Agricultural Marketing Service provides market news information to the agricultural community. Subscription fees are currently charged to cover the cost of postage, printing and handling for all printed commodity reports except for tobacco reports. This proposal would allow user fees to be charged to recover these costs for all commodities.

AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes for use in the voluntary grading programs. This proposal would shift the funding source from appropriated to user fees. The cost for commodity standards would be charged to users of the grading programs as a part of the grading fees.

Market development and assistance is provided through economic and statistical analysis of commodity markets for use in the marketing agreements and orders program. The budget includes a proposal to recover costs of this program through user fees.

The request of \$380,000 is for leave and other liabilities accrued by the program under appropriated funding. If appropriated funds are not provided, funding for these liabilities would have to be provided thru increased rates for user fees.

Agricultural Marketing Service
Marketing Services
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$236,851	5	\$269,000	5	\$317,000	5
Alaska	6,734	--	8,000	--	9,000	--
Arizona	244,059	6	262,000	6	302,000	6
Arkansas	338,888	7	387,000	7	457,000	8
California	2,127,130	45	4,879,000	48	5,492,000	50
Colorado	340,596	9	369,000	9	427,000	9
District of Columbia.	16,413,704	217	18,732,000	239	23,128,000	264
Florida	328,696	8	1,703,000	8	1,870,000	8
Georgia	744,538	17	826,000	18	2,026,000	18
Hawaii	9,932	--	12,000	--	14,000	--
Idaho	73,657	2	79,000	2	91,000	2
Illinois	613,406	15	657,000	16	756,000	16
Indiana	449,785	9	516,000	10	610,000	10
Iowa	2,457,858	52	2,769,000	56	3,250,000	58
Kansas	180,376	5	193,000	5	222,000	5
Kentucky	101,116	3	108,000	3	124,000	3
Louisiana	164,633	4	177,000	4	204,000	4
Maine	111,593	3	126,000	3	148,000	3
Maryland	113,592	2	123,000	2	142,000	2
Massachusetts	159,276	4	171,000	4	197,000	4
Michigan	82,930	2	1,200,000	2	1,302,000	2
Minnesota	962,748	19	1,098,000	21	2,357,000	22
Mississippi	239,517	5	270,000	5	317,000	5
Missouri	740,704	17	810,000	19	941,000	19
Montana	68,039	2	73,000	2	84,000	2
Nebraska	366,309	9	392,000	9	451,000	9
New Jersey	812,888	17	915,000	19	2,136,000	19
New York	653,237	15	2,438,000	17	2,691,000	17
North Carolina	988,584	20	2,771,000	31	4,933,000	39
Ohio	278,840	5	316,000	6	371,000	6
Oklahoma	195,075	5	210,000	5	242,000	5
Oregon	197,722	4	218,000	4	1,316,000	5
Pennsylvania	561,301	12	622,000	14	726,000	14
Puerto Rico	34,603	1	40,000	1	48,000	1
South Carolina	624,955	13	684,000	15	780,000	15
South Dakota	139,943	4	150,000	4	173,000	4
Tennessee	1,199,608	30	1,286,000	30	1,469,000	30
Texas	712,391	17	2,422,000	18	2,676,000	18
Utah	52,175	1	61,000	1	72,000	1
Virginia	18,495	--	21,000	--	1,087,000	--
Washington	550,154	13	1,418,000	13	1,586,000	13
West Virginia	49,413	1	53,000	1	1,123,000	1
Wisconsin	382,515	8	429,000	8	1,568,000	10
Wyoming	79,076	2	85,000	2	98,000	2
Subtotal, Available or Estimate	35,207,642	635	50,348,000	692	68,333,000	734
Unobligated balance	368,858	--	--	--	--	--
Total, Available or Estimate	\$35,576,500	635	\$50,348,000	692	\$68,333,000	734

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Payments to States and Possessions:

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), [~~\$1,250,000~~] \$980,000.

PAYMENTS TO STATES AND POSSESSIONS

Appropriation Act, 1991	\$1,250,000
Budget Estimate, 1992	980,000
Decrease in Appropriation	<u>-270,000</u>

PROJECT STATEMENT
(On basis of appropriation)

	: 1990	: 1991	:	: 1992
	: Actual	: Estimated	: Decrease	: Estimated
Payments for marketing service	:	:	:	:
work under Section 204(b) of	:	:	:	:
the Agricultural Marketing	:	:	:	:
Act of 1946	:\$1,236,000	:\$1,250,000	:-\$270,000	:\$980,000
	:	:	:	(1):
Total, appropriation	1,236,000	1,250,000	-270,000	980,000

EXPLANATION OF PROGRAM

The Federal-State Marketing Improvement Program is authorized by Section 204(b) of the Agricultural Marketing Act of 1946. This legislation also grants the U.S. Department of Agriculture authority to establish cooperative agreements with State Departments of Agriculture or similar State agencies. These agreements make possible joint efforts to improve the efficiency of the agricultural marketing chain. The States perform the work or contract it to others, and must contribute at least half of the cost of the projects.

Payments are made to State marketing agencies to: identify and market test alternative farm commodities; determine methods of providing more reliable market information, and develop better commodity grading standards. This program has covered many types of projects, such as electronic marketing and agricultural product diversification. The general themes of the current projects include the improvement of marketing efficiency and effectiveness, and seeking new outlets for existing farm produced commodities.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$270,000 for the Payments to States and Possessions program (\$1,250,000 available in 1991).

Need for Change. Federal funds have been provided to States to pay up to half the cost of pilot-testing cooperatively sponsored projects proposed by the States to solve local marketing problems. Funding is requested at a level equal to that provided in previous years.

Nature of Change. Federal matching funds will be provided to assist States in funding projects to deal with specific State or local marketing problems.

Agricultural Marketing Service
 Payments to States and Possessions
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Alabama	\$65,000		
Arkansas	129,400		
California	75,000		
Colorado	33,000		
Connecticut	45,000		
Florida	75,000		
Guam	23,425		
Kansas	25,000		
Maine	96,000		
Massachusetts	70,225		
Michigan	45,000		
Missouri	47,250		
North Carolina	11,000		
Oklahoma	65,000		
Oregon	16,000		
Rhode Island	36,000		
South Carolina	41,500		
Tennessee	30,000		
Texas	84,974		
Virgin Islands	60,383		
Virginia	65,089		
Washington	80,000		
Wyoming	16,754		
Total, Available or			
Estimate	<u>\$1,236,000</u>	<u>\$1,250,000 a/</u>	<u>\$980,000 a/</u>

a/ Distribution of obligations by State not available until projects have been selected for funding in 1991 and 1992.

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

Appropriation Act, 1991 (from receipts)	\$6,523,000
Budget Estimate, 1992 (from receipts)	<u>6,523,000</u>
Change in Appropriation	<u>---</u>

PROJECT STATEMENT
(On basis of available funds)

Project	: 1990 Actual	: 1991 Estimated	: Increase	: 1992 Estimated
	: Staff-	: Staff-	or	: Staff-
	: Amount	: Amount	: Decrease	: Amount
	: Years	: Years		: Years
Licensing dealers	:	:	:	:
and handling	:	:	:	:
complaints	\$6,156,918: 131	\$6,523,000: 140	--	\$6,523,000: 140
Unobligated	:	:	:	:
balance available:	:	:	:	:
start of period ..	-895,775: --	-230,615: --	--	-230,615: --
Unobligated	:	:	:	:
balance available:	:	:	:	:
end of period ...	230,615: --	230,615: --	--	230,615: --
Total available	:	:	:	:
or estimate	5,491,758: 131	6,523,000: 140	--	6,523,000: 140

OBLIGATION LEVELS
(on basis of available funds)

Item	: 1990	: 1991	: 1992
	: Actual	: Estimated	: Estimated
Appropriation (from receipts)	\$5,491,758	\$6,523,000	\$6,523,000
Unobligated balance available, start of	:	:	:
period	895,775	230,615	230,615
Total available	6,387,533	6,753,615	6,753,615
Total obligations	-6,156,918	-6,523,000	-6,523,000
Unobligated balance available, end of	:	:	:
period	230,615	230,615	230,615

EXPLANATION OF PROGRAMPERISHABLE AGRICULTURAL COMMODITIES ACT

This program is carried out under the Perishable Agricultural Commodities Act and the Produce Agency Act.

These Acts are designed to: (1) protect producers, shippers, distributors and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others.

Commission merchants, dealers, brokers, and retailers engaged in the business of handling fresh or frozen fruits and vegetables in interstate or foreign commerce must be licensed under the Perishable Agricultural Commodities Act (PACA). Buyers and sellers must fulfill the terms of contractual agreements, and buyers must pay promptly for their purchases.

Traders who have been found in a formal proceeding to have violated the prompt payment provision of this Act are penalized by restrictions on trading in the industry for a specific period of time. When eligible to resume trading, they are required to post surety bonds before resuming operations. False or misleading statements, misbranding, and similar violations are prohibited.

To increase protection and avert financial losses to growers and licensed firms, the Perishable Agricultural Commodities Act was amended in May 1984 to create a statutory trust. This statutory trust provision requires traders to have sufficient assets on hand to meet their obligations to fruit and vegetable suppliers. Sellers of fruits and vegetables who have not been paid are secured under this legislation until full payment is made. These sellers are also secured in the event the buyer files for bankruptcy or becomes insolvent. The amendment also improves the timeliness of payment.

Complaints of violations are investigated and violations resolved through: (1) informal agreements between the two parties; (2) formal decisions involving payment of reparation awards; and/or (3) suspension or revocation of license and/or publication of the facts. Any interested party or group may request AMS assistance in settling disputes under the Perishable Agricultural Commodities Act.

License fees are deposited into a special fund and are used to meet the costs of administering these Acts. The annual PACA license fee is \$300, plus \$150 for every branch or business facility above nine, up to a maximum annual fee of \$3,000. In view of increased workload, number of personnel and administrative costs, a fee increase has been proposed for FY 1991. The proposed license fee is \$400 annually, plus \$200 for branch facilities, up to a maximum of \$4,000.

Perishable Agricultural Commodities Act Workload Data:

	1990 <u>Actual</u>	1991 <u>Estimate</u>	1992 <u>Estimate</u>
<u>Licensing Activities:</u>			
Licenses renewed	13,276	13,300	13,300
New licenses issued	1,965	1,975	1,975
In effect, end of year	15,241	15,275	15,275

Actions Completed: *

License actions	20,259	20,300	20,300
Reparation actions	47,500	48,000	48,500
Disciplinary actions	330	350	375
Personal investigations	2,418	2,700	2,950
Statutory Trust actions	88,000	100,000	110,000
Misbranding actions	509	528	556
Total Actions Completed	159,016	171,878	182,681

Reparations: (Dollars in Millions)

Awarded - Formal orders	\$12,635	\$13,000	\$13,000
Payments - Amicable settlements	<u>13,600</u>	<u>14,000</u>	<u>14,500</u>
Total Reparations	\$26,235	\$27,000	\$27,500

Statutory Trust:

Notices Filed	88,000	100,000	110,000
Refunds to sellers (Dollars in Millions)	\$483	\$500	\$525

* Statutory Trust Notices included in Actions Completed.

Agricultural Marketing Service
Perishable Agricultural Commodities Act
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Arizona	\$612,019	15	\$649,000	16	\$649,000	16
District of Columbia.	3,789,955	73	4,015,000	78	4,015,000	78
Illinois	558,530	14	591,000	15	591,000	15
New Jersey	604,094	15	640,000	16	640,000	16
Texas	592,320	14	628,000	15	628,000	15
Total, Available or Estimate	<u>\$6,156,918</u>	<u>131</u>	<u>\$6,523,000</u>	<u>140</u>	<u>\$6,523,000</u>	<u>140</u>

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

Not to exceed [\$40,162,000] \$50,735,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: Provided, That if crop size is understated and/or other uncontrollable events occur, the Agency may exceed this limitation by up to 10 percent with notification to the Appropriation Committees.

Limitation on Administrative Expenses

Appropriation Act, 1991	\$40,162,000
Budget Estimate, 1992	<u>50,735,000</u>
Increase in Limitation	<u>+10,573,000</u>

The increase of \$10,573,000 in the limitation on administrative expenses consists of \$1,573,000 for increased operating costs and \$9,000,000 for program. We anticipate that program costs will increase based on projections for an unusually large cotton crop in 1992, full conversion from manual to high volume instrument (HVI) cotton classing, and a request by Maryland tobacco growers for AMS to begin grading tobacco produced in that State. Based on current projections, cotton classing in FY 1992 will increase by 30% over FY 1991. Automated (HVI) classing raises costs by \$0.50 per sample. The grading of Maryland tobacco would add 12 to 15 million pounds to the total being graded.

If we are not able to increase the limitation on administrative expenses, we would have to begin denying service when we reach our limitation. The increased limitation will allow for uninterrupted grading services in FY 1992.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored):

Trust Funds

For expenses necessary to recapitalize Dairy Graders \$1,250,000, and to capitalize the Laboratory Accreditation Program \$1,375,000, making a total of \$2,625,000, under the Agricultural Marketing Act of 1946 (7 U.S.C. 1623).

Trust Funds

Appropriation Act, 1991	--
Budget Estimate, 1992	<u>\$2,625,000</u>
Change in Appropriation	<u>+2,625,000</u>

An increase of \$2,625,000 for one-time appropriation to the AMS trust fund consisting of:

- (a) an appropriation of \$1,250,000 to recapitalize the dairy grading program.

Need for Change. Recent legislative changes such as the dairy whole herd buyout, as well as a greatly reduced need for price supports, caused a decrease in the amount of dairy products requiring grading. As a result, the dairy grading program experienced a sudden and severe decline in demand for dairy grading services.

Nature of Change. Despite drastic cost cuts, AMS could not prevent the program from depleting its operating reserve balance and accumulating a deficit. Since the shortfall was the result of a decline in government-requested services, it would be unfair to assess recapitalization costs to the dairy industry. The additional funding will allow the Dairy Grading program to continue without placing an undue hardship on industry.

- (b) a one-time appropriation of \$1,375,000 for the establishment of a National Laboratory Accreditation Program.

Need for Change. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the creation of a National Laboratory Accreditation Program for laboratories that request accreditation and conduct residue testing of agricultural products or that make claims to the public or buyers of agricultural products concerning chemical residue levels on agricultural products.

The program is designed to protect human health by ensuring that laboratories which make claims to the public concerning pesticide residue levels meet minimum quality and reliability standards. Without the accreditation program, findings concerning chemical residues on agricultural products cannot be verified or denied. AMS will implement and administer the program in concert with the Food Safety Inspection Service, the Environmental Protection Agency, and the Food and Drug Administration.

Nature of Change. The one-time appropriation will be used to construct a fully equipped pesticide laboratory to verify the findings of those laboratories applying for accreditation. The on-going costs of the program will be provided through user fees. Funding is required for program start-up because AMS does not have the laboratory capacity needed for certifying independent laboratories, and cannot collect fees for services until we are equipped to provide such services.

PASSENGER MOTOR VEHICLES

The 1992 Budget Estimates propose the purchase of thirteen replacements and three additional motor vehicles.

The estimated number of passenger motor vehicles available for 1992 are the minimum necessary to maintain essential services in AMS programs. These cars are used to provide the following necessary services: (1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; (2) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and (3) carrying boxes of cotton standards types used in classing work and demonstration at farmers' meetings.

Additional passenger motor vehicles. Three additional passenger motor vehicles are requested for use in the cotton division. The cotton division is expecting an increase in their workload which would increase the number of graders needed this season. Additional vehicles are required to meet the anticipated workload.

Replacement of passenger motor vehicles. Replacement of 13 of the 65 vehicles now in operation is proposed. All vehicles proposed to be replaced are expected to have mileage over 60,000 or will be more than six years of age.

The age and mileage data for passenger motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percentage of Total</u>
1984 or older	11	17	80-100	9	14
1985	10	15	60-80	8	12
1986	3	5	40-60	14	22
1987	3	5	20-40	26	40
1988	30	46	Under 20	8	12
1989	6	9	Total	65	100
1990	2	3			
Total	65	100			

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds For Strengthening Markets, Income and Supply (Section 32):

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [\$8,255,000] \$10,360,000 for formulation and administration of Marketing Agreements and Orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32) -- CURRENT LAW

Permanent Appropriation, 1991	\$5,142,532,504
Less transfers to:	
Department of Commerce to promote and develop fishery products and research pertaining to American fisheries	-70,755,412
Food and Nutrition Service, Child Nutrition Programs	-4,696,501,000
Total transfers	-4,767,256,412
Adjusted Base for 1991	375,276,092
Budget Estimate, 1992:	
Annual permanent appropriation	\$5,174,000,250
Less transfers to:	
Department of Commerce	-70,800,000
Food and Nutrition Service	-4,675,092,000
Total transfers	-4,745,892,000
Budget Estimate, 1992	<u>428,108,250</u>
Increase from adjusted 1991	<u>+52,832,158</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Commodity Purchases	\$367,150,000	--	+\$32,850,000	\$400,000,000
Commodity Purchase Services	5,671,000	+\$182,000	+263,000	6,116,000
Marketing Agreements and Orders	8,255,000	+526,000	+1,579,000	10,360,000
Total Available	<u>381,076,000</u>	<u>+708,000</u>	<u>+34,692,000</u>	<u>416,476,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
	<u>Amount</u>	<u>Amount</u>	<u>or</u>	<u>Amount</u>
	<u>:Staff:</u>	<u>:Staff:</u>	<u>Decrease</u>	<u>:Staff:</u>
	<u>:Years:</u>	<u>:Years:</u>		<u>:Years:</u>
1. <u>Commodity Purchases</u> :	:	:	:	:
a. <u>Child Nutrition</u> :	:	:	:	:
Program:	:	:	(1):	:
Purchases	\$350,440,723: --	\$350,900,000: --	+\$49,100,000	\$400,000,000: --
b. <u>Emergency Sur-</u> :	:	:	(2):	:
plus Removal	26,473,949: --	16,250,000: --	-16,250,000	--: --
c. <u>Disaster Relief</u> :	1,742,837: --	--: --	--	--: --
Subtotal	378,657,509: --	367,150,000: --	+32,850,000	400,000,000: --
2. <u>Sunflower & Cotton</u> :	:	:	:	:
<u>seed Oil Purchases</u> :	30,000,000: --	--: --	--	--: --
3. <u>Administrative</u> :	:	:	:	:
<u>Funos</u> :	:	:	:	:
a. <u>Commodity Pur-</u> :	:	:	:	:
chase Services:	5,155,095: 27	5,671,000: 39	+445,000	6,116,000: 39
b. <u>Marketing Agree-</u> :	:	:	:	:
ments & Orders:	7,750,250: 114	8,255,000: 120	+2,105,000	10,360,000: 134
Subtotal	12,905,345: 141	13,926,000: 159	+2,550,000(3)	16,476,000: 173
Total obligations	421,562,854: 141	381,076,000: 159	+35,400,000	416,476,000: 173
Unobligated balance:	:	:	:	:
available, start of	:	:	:	:
year	-132,717,240: --	-294,167,658: --	+5,799,908	-288,367,750:
Recovery of Prior Year:	:	:	:	:
obligations	-1,992,840: --	--: --	--	--: --
Unobligated balance:	:	:	:	:
available end of year:	294,167,658: --	288,367,750: --	+11,632,250	300,000,000: --
Total, Available or	:	:	:	:
Estimate	581,020,432: 141	375,276,092: 159	+52,832,158	428,108,250: 173

OBLIGATION LEVELS
(On basis of available funds)

Item	1990 Actual	1991 Estimated	1992 Estimated
Appropriation or estimate ..	\$4,799,509,749	\$5,142,532,504	\$5,174,000,250
Unobligated balance			
available, start of year .	132,717,240	294,167,658	288,367,750
Recovery of Prior Year			
obligations	1,992,840		
Total available	4,934,219,829	5,436,700,162	5,462,368,000
Less transfers to:			
Food and Nutrition			
Service, Child			
Nutrition Programs ..	-4,156,554,000	-4,696,501,000	-4,675,092,000
Department of Commerce .	-61,935,317	-70,755,412	-70,800,000
Total transfers	-4,218,489,317	-4,767,256,412	-4,745,892,000
Total available after			
transfers	715,730,512	669,443,750	716,476,000
Less total obligations	-421,562,854	-381,076,000	-416,476,000 a/
Unobligated balance			
available, end of year....	294,167,658	288,367,750	300,000,000

a/ Under proposed legislation, total obligations in 1992 will be decreased to \$406,434,000.

EXPLANATION OF PROGRAM

Under Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to \$300 million are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount up to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additionally, funds are transferred to the Food and Nutrition Service for use by the Child Nutrition Programs as provided in the current Appropriation Act.

Commodity Purchases:

Pursuant to Section 32, the Agricultural Marketing Service directs the purchase of commodities such as meats and fish, fruits and vegetables, and poultry in order to stabilize market conditions and provide commodities for distribution through the Food and Nutrition Service to schools as part of the entitlement for the National School Lunch Program. In addition, AMS purchases commodities for other domestic feeding programs of the Food and Nutrition Service (FNS). AMS is reimbursed by FNS for the administrative costs associated with purchases made for FNS domestic feeding programs. Commodities purchased for market stability purposes are donated to eligible schools or public or private institutions that operate meal programs.

Commodity Purchase Services Workload Data:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Contract bids received:			
Fruits and Vegetables	811	840	840
Meat and Fish	672	700	780
Poultry	555	625	675
Total	2,038	2,165	2,295
Contracts awarded:			
Fruits and Vegetables	436	450	450
Meat and Fish	341	400	430
Poultry	353	400	425
Total	1,130	1,250	1,305

Summary of Purchases by Commodity Group
(In thousands)

<u>Commodity Group</u>	<u>1989 Actual</u>		<u>1990 Actual</u>	
	<u>Pounds</u>	<u>Obligations</u>	<u>Pounds</u>	<u>Obligations</u>
Poultry	79,507	\$59,782	99,682	\$65,423
Meat	167,734	194,381	145,518	185,098
Fruit	168,774	75,169	166,881	74,754
Vegetables	58,826	20,097	161,650	53,383
Total	<u>474,841</u>	<u>\$349,429</u>	<u>573,731</u>	<u>\$378,658</u>

Section 32 Commodity Purchases
1989 and 1990
(In thousands)

<u>Item</u>	<u>1989 Actual</u>		<u>1990 Actual</u>	
	<u>Pounds</u>	<u>Obligation</u>	<u>Pounds</u>	<u>Obligations</u>
Apple Juice, Canned	--	--	16,796	\$4,178
Apple Slices, Canned	--	--	9,133	4,003
Apples, Fresh	8,135	\$1,867	17,549	3,638
Applesauce	26,116	7,605	22,798	6,334
Apricots, Canned	10,146	5,301	8,019	4,098
Beans, Dry	17,055	5,164	16,464	4,590
Beans, Green, Canned	15,172	5,672	14,406	3,893
Beans, Green, Frozen	1,743	961	--	--
Beans, Refried, Canned	4,066	1,337	4,656	1,507
Beans, Vegetarian	11,060	2,535	28,882	6,720
Beef, Boneless, Frozen	252	298	--	--
Beef, Frozen Ground	86,083	103,058	84,076	110,259
Beef, Canned	688	1,059	--	--
Beef Patties	15,582	17,143	21,405	25,956
Blackberries, Frozen	1,865	1,185	2,881	1,945
Blueberries, Frozen	--	--	6,045	4,309
Cherries, Red, Frozen	13,452	6,388	13,902	6,267
Chicken, Breaded	468	518	--	--
Chicken, Chilled	--	--	10,152	5,646
Chicken, Frozen, Cut-Up	41,598	26,951	49,962	31,862
Chicken, Whole, Frozen	4,859	2,865	--	--
Corn, Canned	--	--	16,785	7,390
Corn, Frozen	--	--	2,433	1,648
Date Pieces	3,300	2,258	3,877	2,341
Eggs, Whole, Frozen	--	--	7,630	4,627
Figs, Dried	2,001	1,773	1,601	1,233
Ham, Cooked, Frozen	14,494	19,846	6,813	10,812
Luncheon Meat	324	428	36	57
Mixed Fruit, Canned	9,324	4,689	18,267	8,713
Orange Juice, Canned	--	--	597	212
Peaches, Canned	518	246	--	--
Peaches, Frozen, Diced	1,218	597	--	--
Peaches, Frozen, Sliced	9,496	4,614	--	--
Peaches, Frozen	6,669	3,889	--	--
Pears, Canned	3,969	1,684	131	67
Pears, Canned, Halves	13,463	5,700	--	--
Pears, Canned, Diced	7,903	3,301	--	--
Pears, Canned, Sliced	8,418	3,595	--	--
Pears, Fresh	11,155	2,684	4,648	1,245
Peas, Canned	9,730	4,428	3,357	631
Peas, Frozen	--	--	5,405	2,101
Pineapple, Canned, Chunks	6,898	2,578	4,354	1,865
Pineapple, Canned, Crushed ...	424	181	809	342
Pineapple, Canned, Tidbits ...	16,486	6,163	14,290	5,964
Pollock Nuggets, Frozen	13,672	15,751	9,371	10,811
Pork, Boneless, Frozen	42	40	--	--
Pork, Canned	--	--	1,023	1,391
Pork, Frozen, Ground	31,335	29,586	18,095	19,518
Potato Rounds, Frozen	--	--	20,230	7,774

Item	<u>1989 Actual</u>		<u>1990 Actual</u>	
	<u>Pounds</u>	<u>Obligation</u>	<u>Pounds</u>	<u>Obligations</u>
Potatoes, French Fries	--	--	39,354	13,952
Potatoes, Sweet, Mashed	--	--	958	245
Potatoes, Sweet, Syrup Pack ..	--	--	8,469	2,793
Prunes, Dried	3,827	2,713	6,440	4,389
Raisins	--	--	9,465	6,425
Raspberries, Frozen	--	--	874	867
Tuna, Canned	5,262	7,172	4,700	6,294
Turkey, Chilled	8,654	5,491	4,659	3,065
Turkey, Frozen, Ground	3,825	2,635	7,099	4,647
Turkey, Roast	10,163	14,476	2,437	3,358
Turkey, Whole, Frozen	9,940	6,846	17,742	12,218
Walnuts, English	3,991	6,158	4,527	6,367
Miscellaneous	--	--	129	91
Total	<u>474,841</u>	<u>\$349,429</u>	<u>573,731</u>	<u>\$378,658</u>

Federal Food Specifications:

AMS also develops, coordinates, and approves Federal food product descriptions and establishes quality assurance policies and procedures for the procurement of food by USDA, the Department of Defense, Indian Health Service, National Institutes of Health, Bureau of Prisons, and the Veteran Administration. The major goal of this program is to update and streamline Federal food specifications to improve the cost efficiency of Federal food purchasing by using Commercial Item Descriptions wherever possible.

Federal Food Specification Workload Data:

	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>
Commercial Item Descriptions (CID's) developed, coordinated and approved	4	5	3
CID's revised	9	9	13
Federal Specifications approved	0	1	1
Documents canceled	12	11	6
Department of Defense food documents coordinated	73	75	80
Food product description reviewed	30	31	31
Federal specifications amended	0	2	2

Marketing Agreements and Orders:

The marketing agreements and orders program is authorized by the Agricultural Marketing Agreement Act of 1937. Section 32 funds authorized under 7 U.S.C. 1392b are used by the Department for administering marketing agreement and order programs at the national level and for public hearings and referenda to determine producer sentiment concerning new programs and proposed revisions of marketing orders already in effect. Administration at the local level is financed through handler assessments.

Marketing orders are designed to stabilize market conditions and to improve the returns for fluid milk and fruit and vegetable producers. Stabilized market conditions are accomplished by: (1) establishing minimum prices which handlers pay to dairy producers; and (2) regulating the quality and quantity of fruits and vegetables sold in commercial channels.

The orders are requested by producers and handlers. Evaluations and hearings on proposed marketing orders are conducted by AMS. Proposed orders are subject to approval by producers of the regulated commodity. Once approved, the Secretary issues the marketing order and sets the effective date of the order.

Marketing Agreements and Orders Workload Data:

	<u>Fluid Milk Orders</u>			<u>Fruit, Vegetable and Specialty Crop Orders</u>		
	<u>1990</u> <u>Actual</u>	<u>1991</u> <u>Estimate</u>	<u>1992</u> <u>Estimate</u>	<u>1990</u> <u>Actual</u>	<u>1991</u> <u>Estimate</u>	<u>1992</u> <u>Estimate</u>
Agreement and order programs in effect.....	42	40	37	45	46	47
Requests received for new programs.....	0	0	0	0	2	2
<u>Hearings and Petitions:</u>						
Hearings held to consider amendments to existing orders or the issuance of orders in new areas..	8	8	8	2	2	2
Amendments issued.....	6	6	8	2	2	2
Suspensions and temporary revisions issued.....	13	15	15	0	0	0
Petitions received for review of orders.....	15	15	15	0	0	0
Petitions disposed of during the year.....	11	15	15	0	0	0
Administrator's decisions issued.....	4	8	8	2	2	2
Secretary's decisions issued.....	8	8	8	4	3	2
Secretary's referendum orders issued.....	5	4	4	9	8	8
Termination orders issued .	4	5	5	1	0	0
<u>Order Operation and Enforcement:</u>						
Regulatory orders issued..	N/A	N/A	N/A	113	120	125
Investigation of alleged violations.....	25	20	20	138	150	160
Cases referred to the Department of Justice for prosecution.....	2	3	3	25	25	25
Court cases resolved.....	3	3	3	1	15	30
15A Petitions received for review.....	3	4	5	35	20	20
15A Petitions disposed of during the year.....	2	3	4	5	10	10
Freedom of Information requests.....	15	15	15	52	70	90
<u>Order Management:</u>						
Appointment of an administrative committee	N/A	N/A	N/A	89	90	90
Promulgation of committee rule-making....	N/A	N/A	N/A	10	15	15
Budgets approved.....	16	16	16	45	46	47

SECTION 32
JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$49,100,000 for child nutrition program purchases. This increase raises the amount of items provided through surplus removal to two-thirds of the entitlement requirements.
- (2) A decrease of \$16,250,000 for emergency surplus removal purchases. The budget customarily does not anticipate this need in the budget year.
- (3) An increase of \$2,550,000 for administrative expenses (\$13,926,000 available in FY 1991) consisting of:
 - (a) an increase of \$182,000 for the annualization of the FY 1991 pay raise and the anticipated FY 1992 pay increase for the commodity purchase services program.
 - (b) an increase of \$158,000 to offset increased operating costs for the commodity purchase services program.

An increase is needed to continue stabilizing market conditions through the purchase of commodities. Resources will be increased to provide the funding necessary to continue current program levels.

- (c) an increase of \$105,000 to implement the government-wide FTS 2000 system for the commodity purchase services program.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment required by the FTS 2000 system.

- (d) an increase of \$526,000 for the annualization of the FY 1991 pay increase and the anticipated FY 1992 pay increase for the marketing agreement and order program.
- (e) an increase of \$97,000 to offset increased in operating costs.

An increase is needed to provide effective oversight of marketing agreements and orders activities. Resources will be increased to provide the funding necessary to continue current program levels.

- (f) an increase of \$353,000 to implement the government-wide FTS 2000 system for the marketing agreements and orders program.

Need for Change. The General Services Administration is in the process of implementing a new FTS system. AMS is required to convert to this system.

Nature of Change. Funding will be used to purchase essential data transmission equipment required by the FTS 2000 system.

- (g) an increase of \$956,000 to improve federal oversight of marketing agreements and orders.

Need for Change. Farmers are increasingly using AMS marketing tools to improve their products and increase competitiveness in the marketplace. Additional funds are needed to expand the current level of service to match the increasing demand.

Nature of Change. Funding will be used to increase the number of personnel to meet Congress' and marketing groups' demands for more thorough financial oversight, to oversee and assist in the increasingly more complex features of existing orders and extend this service to the new agreements and orders that are being formulated.

- (h) an increase of \$173,000 to gather and evaluate data which will provide an alternative to the Minnesota-Wisconsin price series.

Need for Change. The Food, Agriculture, Conservation, and Trade Act of 1990 requires the Secretary to consider alternative pricing formulas relating to the Minnesota-Wisconsin price series. This price series is used to determine the minimum prices paid under milk marketing orders.

Nature of Change. AMS will gather data for an alternative price series and evaluate that series against the Minnesota-Wisconsin price series. The collection of data for a second price series, analysis of the results, and promulgation of regulations will require additional effort by AMS employees. Funding is also required for costs related to hearings, increased services provided by the National Agricultural Statistics Service which are reimbursed by AMS, and the printing of findings.

Funds for Strengthening Markets, Income, and Supply
(Section 32)

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	<u>1992</u>		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Commodity Purchases	\$400,000,000	--	\$400,000,000
Commodity Purchase Services	6,116,000	--	6,116,000
Marketing Agreements and Orders ..	10,360,000	-\$10,360,000	--
Conversion Costs	--	+318,000	318,000
 Total Available	 <u>416,476,000</u>	 <u>-10,042,000</u>	 <u>406,434,000</u>

Federal costs of administering marketing agreements and orders, which help stabilize market prices and supply for certain commodities, are presently funded through the Section 32 appropriation. However, costs of administering marketing agreements and orders at the local level are funded through assessments on regulated handlers.

Since the Federal administrative services are done to directly support the local operations, this proposal would recover Federal costs for administration and economic analyses related to Marketing Agreements and Orders for milk, fruit, vegetables, and certain specialty crops through assessments. The appropriate market administrator or committee will be billed for these costs. Payments received would be credited to the account incurring the Federal administrative costs.

The proposal is estimated to generate savings of \$10,360,000 in 1992. These savings will be offset by one time start up costs of \$318,000 to fund leave liability under the current program that would become an immediate liability under a user fee program, for a net savings of \$10,042,000.

Agricultural Marketing Service
Section 32 Administrative Funds
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 AND ESTIMATED 1991 AND 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$464,264	8	\$495,000	9	\$610,000	10
District of Columbia	11,939,510	125	12,897,000	142	15,207,000	154
Florida	143,022	2	152,000	2	188,000	3
Illinois	76,696	1	82,000	1	101,000	1
Oregon	220,018	4	234,000	4	289,000	4
Texas	61,835	1	66,000	1	81,000	1
Total, Available or Estimate	<u>12,905,345</u>	<u>141</u>	<u>13,926,000</u>	<u>159</u>	<u>16,476,000</u>	<u>173</u>

Sunflower and Cottonseed Oil Purchase
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 AND ESTIMATED 1991 AND 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Undistributed	\$30,000,000 ^{1/}	--	--	--	--	--
Total, Available or Estimate	<u>30,000,000^{1/}</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

^{1/} Distribution by State cannot be determined.

Commodity Purchases
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 AND ESTIMATED 1991 AND 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>
	Amount	Staff- Years	Amount	Staff- Years	Amount Staff Years
Alabama	\$3,495,546				
Arkansas	5,465,357				
California	51,720,670				
Colorado	305,259				
Delaware	207,837				
Florida	1,369,937				
Georgia	16,502,693				
Hawaii	1,439,644				
Idaho	1,252,330				
Illinois	20,511,040				
Indiana	234,544				
Iowa	115,146				
Kansas	269				
Maine	379,294				
Maryland	300,893				
Massachusetts	22,437,816				
Michigan	16,597,501				
Minnesota	39,451,746				
Mississippi	7,390,134				
Missouri	22,274,766				
Nebraska	60,538,055				
New Jersey	3,940,234				
New York	1,923,701				
North Carolina	5,331,664				
North Dakota	3,052				
Oklahoma	1,876,316				
Oregon	3,195,752				
Pennsylvania	24,281,011				
Puerto Rico	2,412,666				
South Dakota	1,885,385				
Tennessee	272,906				
Texas	23,600,090				
Utah	1,694,254				
Virginia	2,141,195				
Washington	20,226,960				
Wisconsin	13,881,846				
Undistributed	--	--	\$367,150,000 1/--	\$400,000,000 1/	--
Total, Available or Estimate	378,657,509	--	367,150,000 1/--	400,000,000 1/	--

1/ Since contracts for commodity purchases are awarded to the lowest bidder, distribution by State cannot be determined at this time.

FEDERAL GRAIN INSPECTION SERVICE

Purpose Statement

The Federal Grain Inspection Service (FGIS) was established on November 20, 1976, pursuant to the U.S. Grain Standards Act (USGSA), as amended (Public Law 94-582). In 1977, it was amended to provide appropriated funding for field supervision. The Omnibus Budget Reconciliation Act of 1981 amended the USGSA to require user fee funding to support supervision and administration of the inspection and weighing programs previously covered by appropriations. Authority to collect user fees for supervision and administration activities and authority to invest retained earnings in interest-bearing accounts has been extended through September 1993.

The 1981 amendment also established an FGIS Advisory Committee to provide advice to the Administrator of FGIS on the implementation of the USGSA. Programs supporting the Grain Quality Improvement Act (GQIA) of 1986 continue. The Grain Quality Title of the Food, Agriculture, Conservation and Trade Act of 1990 supports continued expansion in this area.

Inspection and weighing programs are also carried out under the authority of the Agricultural Marketing Act of 1946 (AMA), as amended. Programs under the AMA include the inspection and grading of rice, dry beans, lentils, dry peas, processed grain products, hops, and related commodities.

The mission of FGIS is to facilitate the marketing of grain, oilseeds, pulses, rice, and related commodities by: (a) establishing descriptive standards and terms, (b) accurately and consistently certifying quality, (c) providing for uniform official inspection and weighing, (d) carrying out assigned regulatory and service responsibilities, and (e) providing the framework for commodity quality improvement incentives to both domestic and foreign buyers. Through these permissive and mandatory programs, FGIS assists in advancing the orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers. FGIS, acting as an impartial third party, assures that the standards are applied and the weights are recorded in a fair and accurate manner, thereby facilitating domestic and foreign grain grading. Activities of the Agency are as follows:

1. Standardization and Quality Control Activities: Functions include developing objective tests and methods for determining grain quality; determining the criteria and recommending specifications for grain inspection instrumentation; maintaining uniform standards for grains and commodities, and developing and maintaining an Agency-wide quality assurance program. Inspection appeals, quality assurance specialist (QAS) technical training, and research and development activities are included in this program area.
2. Compliance Activities: Activities ensure that the Agency operates in conformance with all requirements and procedures established by statute, regulation, instruction, or directive. The program ensures, through reviews, evaluations, and enforcement, if necessary, that the USGSA, and applicable provisions of the AMA, and regulations, procedures, and policies issued thereunder are implemented accurately and effectively.
3. Inspection and Weighing Activities: The USGSA requires: (1) mandatory inspection and weighing services at export ports by FGIS or delegated State agency personnel; and (2) permissive inspection and weighing services at domestic locations by designated State and private agency personnel. The USGSA also requires FGIS to supervise all official inspection and weighing activities. Further, on a request basis, FGIS personnel perform inspection of rice and related commodities under the AMA and provide nationwide appeal inspection services.

The FGIS headquarters is located in Washington, D.C., and Kansas City, Missouri, with field activities located in 26 field offices, 2 Federal/State offices, and 8 suboffices in 22 States and Canada. As of September 30, 1990, FGIS employment totaled 749 full-time permanent employees and 87 part-time temporary and intermittent employees. Of the total, 176 full-time employees and 5 part-time and intermittent employees were located at headquarters while the remaining 573 full-time employees and 82 part-time and intermittent employees were assigned to field locations. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. User-fee supported activities accounted for 81 percent of total agency spending in FY 1990. Compliance and standardization activities, international monitoring, and the FGIS Advisory Committee are financed from appropriations.

FEDERAL GRAIN INSPECTION SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	\$8,185,000:	124:	\$9,706,000:	132:	\$13,011,000:	146
Inspection and Weighing Services	34,205,720:	678:	37,164,000:	681:	40,176,000:	681
Total, Federal Grain Inspection Service	42,390,720:	802:	46,870,000:	813:	53,187,000:	827

Full-Time Equivalent Staff-Years:	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Ceiling	802	813	827
Non-ceiling	89	125	125
Total	<u>891</u>	<u>938</u>	<u>952</u>

FEDERAL GRAIN INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade Executive Level V	1990			1991			1992		
	Headquarters:	Field :	Total :	Headquarters:	Field :	Total :	Headquarters:	Field :	Total :
ES-5	1	—	1	1	—	1	1	—	1
ES-3	1	—	1	1	—	1	1	—	1
GS/GM-15	3	1	4	4	—	4	4	—	4
GS/GM-14	12	6	18	19	—	19	19	—	19
GS/GM-13	30	22	52	30	20	50	30	20	50
GS-12	29	15	44	45	25	70	45	25	70
GS-11	13	93	106	11	115	126	12	113	125
GS-10	5	25	30	1	11	12	4	11	15
GS-9	23	220	243	15	249	264	15	249	264
GS-8	1	1	2	5	—	5	7	—	7
GS-7	13	25	38	11	14	25	16	16	32
GS-6	19	20	39	27	5	32	27	7	34
GS-5	11	116	127	15	139	154	18	132	150
GS-4	15	34	49	12	35	47	12	35	47
GS-3	1	2	3	3	3	6	3	3	6
GS-2	0	2	2	—	—	—	—	—	—
GS-1	—	—	—	—	—	—	—	—	—
Ungraded Positions	—	1	1	—	1	1	—	1	1
Total Permanent Positions	178	583	761	201	617	818	215	612	827
Unfilled Positions	—	—	—	—	—	—	—	—	—
end-of-year	-10	-6	-16	-10	-10	-20	-10	-10	-20
Total, Permanent	—	—	—	—	—	—	—	—	—
Employment, end-of-year	168	577	745	191	607	798	205	602	807
Staff-Years:	—	—	—	—	—	—	—	—	—
Ceiling	153	649	802	201	612	813	215	612	827
Non-Ceiling	—	89	89	—	125	125	—	125	125
TOTAL	153	738	891	201	737	938	215	737	952

FEDERAL GRAIN INSPECTION SERVICE

Salaries and Expenses - Appropriated FundsCLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$3,432,000	\$4,264,400	\$5,283,000
Field	<u>1,471,000</u>	<u>1,827,600</u>	<u>2,373,000</u>
11 Total personnel compensation	4,163,000	5,232,000	6,581,000
12 Personnel benefits	740,000	775,000	1,000,000
13 Benefits for former personnel	<u>--</u>	<u>85,000</u>	<u>75,000</u>
Total Personnel Compensation Benefits	<u>4,903,000</u>	<u>6,092,000</u>	<u>7,656,000</u>
Other Objects:			
21 Travel	284,000	357,665	436,000
22 Transportation of things ..	24,000	40,000	42,000
23.2 Rental payments to others .	18,000	24,000	25,000
23.3 Communications, utilities, and misc. charges	360,000	410,000	426,000
24 Printing and reproduction .	25,000	30,000	30,000
25 Other services	1,563,000	1,729,235	2,599,000
26 Supplies and materials	163,000	300,000	360,000
31 Equipment	677,000	723,100	1,437,000
Total other objects	<u>3,114,000</u>	<u>3,614,000</u>	<u>5,355,000</u>
Total direct obligations	<u>\$8,017,000</u>	<u>\$9,706,000</u>	<u>\$13,011,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$81,400	\$94,840	\$97,753
Average Salary, GM/GS positions	\$32,879	\$33,900	\$34,800
Average Grade, GM/GS positions	11.4	11.4	11.4

FEDERAL GRAIN INSPECTION SERVICE

(New language is underscored; deleted matter is enclosed in brackets.)

Salaries and Expenses

For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$20,000 for employment under 5 U.S.C. 3109, [~~\$9,706,000~~] \$13,011,000: Provided, that this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building: Provided further that none of the funds provided by this Act may be used to pay the salaries of any person or persons who require, or who authorize payments from fee-supported funds to any person or persons who require nonexport, nonterminal interior elevators to maintain records not involving official inspection or official weighing in the United States under Public Law 94-582 other than those necessary to fulfill the purposes of such Act.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES — CURRENT LAW

Appropriation Act, 1991	\$9,706,000
Budget Estimate, 1992	13,011,000
Increase in Appropriation	<u>+3,305,000</u>

SALARIES AND EXPENSES — PROPOSED LEGISLATION

Budget estimate, Current Law, 1992	\$13,011,000
Change due to proposed legislation	-7,559,000
Net Request, President's 1992 Budget Request	<u>5,452,000</u>

SUMMARY OF INCREASES AND DECREASES — CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Standardization Activities ...	\$5,276,000	+\$661,000	+\$1,622,000	\$7,559,000
Compliance Activities	4,430,000	+ 190,000	+ 832,000	5,452,000
Total Available	<u>9,706,000</u>	<u>+851,000</u>	<u>+2,454,000</u>	<u>13,011,000</u>

PROJECT STATEMENT — CURRENT LAW
(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
	<u>Amount</u>	<u>Amount</u>	<u>or</u>	<u>Amount</u>
	<u>Years</u>	<u>Years</u>	<u>Decrease</u>	<u>Years</u>
Standardization:				
and Quality Assurance				
Activities....	\$4,441,347	\$5,276,000	+\$2,283,000 (1)	\$7,559,000
Compliance				
Activities....	3,575,525	4,430,000	+ 1,022,000 (2)	5,452,000
Unobligated				
balance.....	168,128	—	—	—
Total,				
Appropriation..	8,185,000	9,706,000	+ 3,305,000	13,011,000

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Federal Grain Inspection Service funds the standardization and compliance activities. The activities carried out are as follows:

1. Standardization and Quality Assurance Activities

FGIS standardization activities aid in the orderly marketing of grains, oilseeds, rice, and related commodities through the development, promulgation, and application of new and revised standards. Activities include the establishment, review, and revision of the standards to reflect the latest inspection techniques and marketing needs; development and evaluation of new instruments and methods to increase accuracy; operation of a nationwide quality control program to assure the integrity of the inspection certificate; and maintaining an international monitoring program which interacts with foreign governments and trade teams to exchange information and respond to complaints concerning quality and quantity of grain shipments.

Standardization Activities
Projected Level of Activity

	<u>1990</u>	<u>1991</u>	<u>1992</u>
U.S. Standards in effect at end of year	19	19	19
New and revised standards issued during fiscal year	1	5	1
Standards reviews in progress	7	2	9
Standards reviews completed	1	7	1
Inspection techniques developed	11	11	11
Equipment evaluated	7	10	15
Codex standards developed	5	5	5

2. Compliance Activities

The compliance activities ensure the accurate and uniform application of the U.S. Grain Standards Act (USGSA) and the applicable provisions of the Agricultural Marketing Act of 1946 (AMA). Field activities are reviewed to ensure that all procedures are implemented in a manner consistent with agency policy. Compliance activities include the delegation and designation of official agencies, the investigation of violations of the USGSA and AMA including referral of criminal violations to the Office of Inspector General, licensing of official agency personnel, and registering persons/firms engaged in foreign commerce.

Compliance Activities
Projected Level of Activity

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Official Agency Actions:			
Agency delegations and designations in effect at end of fiscal year	76	75	75
Designations renewed	22	27	27
Designations cancelled	1	1	1
State delegations at export port locations in effect at end of fiscal year ..	8	8	8
Registration of Firms Exporting Grain:			
Registration certificates issued	87	80	80
On-site investigations	9	15	15

JUSTIFICATION OF INCREASE

(1) An increase of \$2,283,000 in standardization activities (\$5,276,000 available in 1991) consisting of:

(a) A total increase of \$661,000 for pay costs, which consists of \$305,000 for the annualization of the FY 1991 pay raise and \$356,000 for the FY 1992 pay raise.

(b) An increase of \$421,000 for ongoing programs.

Need for Change. These funds will help FGIS maintain programs such as wheat classification field testing, objective grain inspection initiatives, the purchase of additional laboratory scales and balances, quality assurance training and corn oil, starch, and protein analysis. This increase will allow for continuation of these programs.

Nature of Change. Data obtained from wheat classification, objective grain inspection activities, corn oil, starch, and protein analysis, and equipment calibration will result in improved methodology, increased accuracy in inspection activities, and more definitive standards. Training of quality assurance specialists will be accelerated to further enhance the mission of the Agency. Funds will be used for establishing and equipping a model laboratory at the Kansas City Technical Center. This laboratory will include sample analysis using robotics, image analysis, and other highly mechanized equipment.

- (c) An increase of \$435,000 for food safety activities.

Need for Change. Health and safety awareness of the consumer continues to increase and FGIS must be able to meet the needs of the U.S. public and the grain industry in both domestic and foreign markets. Toxins and residues must be identified by accurate, objective, and quantitative methods as grains enter the inspection system.

Nature of Change. Reference methods for mycotoxin analysis will be established for mycotoxins using data from a high performance liquid chromatograph unit. A gas chromatograph unit will serve as the reference method for chemical residue analysis.

- (d) An increase of \$695,000 for initiatives to enhance grain grading methodology.

Need for Change. Current grain grading procedures are undergoing extensive change. FGIS must continue to enhance and improve grain grading methodology to insure that a consistently high level product reaches the market place, and ultimately the consumer. Objective, safe, and reliable procedures are needed if the Department, and FGIS, are to meet the needs of U.S. agriculture.

Nature of Change. Work will begin on: field testing prototype odor detectors; developing equipment specifications with the National Institute of Standards; updating near infrared reflectance (NIR) calibration updates; providing rapid objective methods to detect hidden insect infestation; and to continue NIR and near infrared transmittance technology on constituent analysis in grains.

- (e) An increase of \$71,000 for technical training.

Need for Change. Consistent quality and system integrity is essential in today's marketplace. To maintain the credibility, decrease liability, and insure a uniform grading system throughout the U.S.

Nature of Change. Software and training for the trainer will be obtained for use in all field offices. A trainer will then provide state-of-the-art training for the professional inspectors within FGIS.

- (2) An increase of \$1,022,000 in compliance activities (\$4,430,000 available in 1991) consisting of:

- (a) A total increase of \$190,000 for pay costs, which consists of \$88,000 for the annualization of the FY 1991 pay raise and \$102,000 for the FY 1992 pay raise.
- (b) An increase of \$316,000 of ongoing programs.

Need for Change. FY 1991 funds were redirected to cover Farm Bill Section 2005: Improving the cleanliness of grain. As a result, compliance activity at both headquarters and the field was reduced. This increase will provide funding for ongoing compliance activities.

Nature of Change. Compliance activities for ongoing inspection and weighing programs will ensure application of the U.S. Grain Standards Act and the Agricultural Marketing Act of 1946.

- (c) An increase of \$425,000 for an economic study on the benefits of cleaning grain.

Need for Change. The Grain Quality Title of the 1990 Farm Bill includes a requirement to study the costs and benefits of marketing cleaner grain.

Nature of Change. At the conclusion of the study all published and available research related to grain cleaning and the relationship of mold, insects, moisture, and aeration to grain loss will be in the Department's possession. Information on economic losses due to the lack of cleanliness in government grain stocks will be available on demand.

- (d) An increase of \$91,000 for automation initiatives.

Need for Change. The current paper flow between field offices, headquarters, and NFC is time consuming, slow, and not cost effective. Electronic data transmission will minimize mistakes, improve timeliness, and be cost effective. In-house operation and maintenance of the Technical Center computer is needed as the system goes on-line.

Nature of Change. Hardware has been purchased and installed. Software will be obtained and field office personnel will be trained in electronic data transmission. Personnel at the Technical Center will be trained to provide operational support to the Center's computer.

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1992		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Standardization Activities.....	\$7,559,000	-\$7,559,000	—
Compliance Activities.....	5,452,000	—	\$5,452,000
Total Available.....	<u>\$13,011,000</u>	<u>-\$7,559,000</u>	<u>\$5,452,000</u>

Explanation of Proposed Legislation

Standardization activities initiated by the Federal Grain Inspection Service support the orderly marketing of grains, oilseeds, rice, and related commodities by developing and disseminating, new and/or revised standards. This proposal would initiate user fees for these activities to charge the beneficiaries of these services for the costs incurred. These costs will be added to our existing fee structure.

Compliance activities provide oversight to FGIS programs and will remain appropriated.

Federal Grain Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	FY 1990		FY 1991		FY 1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$82,586	2	\$155,000	2	\$155,000	2
Arkansas	27,522	—	7,000	—	7,000	—
California	52,532	—	51,000	—	51,000	—
District of Columbia .	2,301,421	52	3,570,000	56	4,670,000	58
Georgia	4,367	—	3,000	—	3,000	—
Idaho	47,029	1	62,000	1	62,000	1
Illinois	171,868	4	320,000	4	320,000	4
Indiana	101,196	2	156,000	3	156,000	3
Iowa	165,674	2	160,000	3	160,000	3
Kansas	150,965	5	320,000	5	320,000	5
Louisiana	11,930	1	38,000	1	38,000	1
Maryland	68,055	1	79,000	1	79,000	1
Michigan	73,028	1	62,000	1	62,000	1
Minnesota	188,114	3	260,000	3	260,000	3
Mississippi	—	—	1,000	—	1,000	—
Missouri	4,072,183	42	3,814,000	44	6,019,000	56
Nebraska	144,479	3	260,000	3	260,000	3
North Dakota	71,390	1	50,000	1	50,000	1
Ohio	65,949	1	60,000	1	60,000	1
Oregon	13,014	—	7,000	—	7,000	—
Pennsylvania	—	—	—	—	—	—
Tennessee	86	—	29,000	—	29,000	—
Texas	130,686	2	155,000	2	155,000	2
Virginia	—	—	1,000	—	1,000	—
Washington	72,798	1	86,000	1	86,000	1
Subtotal, Available or Estimate	\$8,016,872	124	\$9,706,000	132	\$13,011,000	146
Unobligated Balance ..	\$ 168,128	—	—	—	—	—
Total, Available or Estimate	\$8,185,000	124	\$9,706,000	132	\$13,011,000	146

FEDERAL GRAIN INSPECTION SERVICE

(New language is underscored; deleted matter is enclosed in brackets.)

Limitation on Inspection and Weighing Services Expenses

Not to exceed [\$37,164,000] \$40,176,000 (from fees collected) shall be obligated during the current fiscal year for Inspection and Weighing Services: Provided, that, if grain export activities require additional supervision and oversight or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percentum with notification to the appropriations committee.

INSPECTION AND WEIGHING SERVICES - CURRENT LAW

Obligations, 1991	\$37,164,000
Budget Estimate, 1992	40,176,000
Change in Obligations	<u>+3,012,000</u>

INSPECTION AND WEIGHING SERVICES - PROPOSED LEGISLATION

Budget estimate, Current Law, 1992	\$40,176,000
Change due to proposed legislation	+7,559,000
Net Request, President's 1992 Budget Request.....	<u>47,735,000</u>

Explanation of Proposed Legislation

This legislation reflects a proposed increase in user collections to recover costs related to standardization activities. Current programs for establishing standards and specification support the marketing of grains, oilseeds, rice, and related commodities by developing and disseminating new and/or revised, standards.

SUMMARY OF INCREASES AND DECREASES — CURRENT LAW

	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Change</u>	<u>1992 Estimated</u>
Inspection and Weighing Activities	<u>\$37,164,000</u>	<u>+\$2,219,000</u>	<u>+\$793,000</u>	<u>\$40,176,000</u>

Project	1990 Actual	1991 Estimated	Increase	1992 Estimated
	Amount	Amount	or Decrease	Amount
Insp. & Weigh. Activities....	34,205,720	37,164,000	(1): +3,012,000	40,176,000
Unobligated balance avail. :	:	:	:	:
start of period:-14,249,034:	—	-10,409,437	—	-10,409,437
Unobligated balance avail. :	:	:	:	:
end of period...:	10,409,437	10,409,437	—	10,409,437
Collections	30,366,123	37,164,000	+3,012,000	40,176,000

EXPLANATION OF PROGRAM

The Federal Grain Inspection Service (FGIS) provides an official grain inspection and weighing system under the U.S. Grain Standards Act (USGSA), as amended, and official inspection of rice and grain related products under the Agricultural Marketing Act of 1946 (AMA), as amended. The USGSA was reauthorized in 1988 permitting FGIS to continue to collect user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

Fees collected under the USGSA and the AMA pay the expenses of the following programs:

	<u>Projected Level of Activity</u>		
	<u>1990</u>	<u>1991</u>	<u>1992</u>
Quantity of Grain Officially Inspected (million metric tons)			
For Export by Federal Personnel.....	87.4	87.0	87.0
by Delegated State Personnel..	26.9	26.5	26.5
Domestically.....	176.7	175.0	175.0
Total.....	291.0	288.5	288.5
Number of Inspections and Reinspections			
By Federal Personnel	186,470	185,000	185,000
By Delegated State/Official Agency Licensees	2,608,501	2,600,000	2,600,000
Number of Appeals	8,200	8,200	8,200
Number of Appeals Carried to the Board of Appeals and Review	550	550	550
Quantity of Rice Inspected (million metric tons)	3.7	3.7	3.7
Quantity of Rice Exports (million metric tons)	2.4	2.4	2.4

	<u>Projected Level of Activity</u>		
	<u>1990</u>	<u>1991</u>	<u>1992</u>
Export Grain Weighed (million metric tons)			
By Federal Personnel	85.6	85.0	85.0
By Delegated State Personnel	26.9	26.5	26.5

GAO/OIG Audits

GAO/RCED 90-205 FS, August 1990 "USDA Initiatives Regarding Aflatoxin Research." The final report was issued August 1990. No response was required of FGIS.

Notification of Assignment - (GAO) - "Survey of Food Safety Inspection and Enforcement Information Systems" — An entrance conference was held June 27, 1990, at FGIS Headquarters. Expected completion date for the survey was October 7, 1990. We have not received survey results.

OIG 31099-1-TE, July 1990. "Survey of FGIS Compliance with the 1986 Grain Quality Improvement Act." FGIS received the results of the survey in July 1990. OIG does not plan to go beyond the survey stage.

JUSTIFICATION OF INCREASE

(1) An increase of \$3,012,000 (\$37,164,000 available in 1991) consisting of:

(a) A total increase of \$2,219,000 for pay costs, which consist of \$677,000 for the annualization of the FY 1991 pay raise and \$1,542,000 for the FY 1992 pay raise.

(b) An increase of \$304,000 for technical training.

Need for Change. To maintain the integrity of the National Grain Inspection System inspectors must be trained in state-of-the-art inspection procedures.

Nature of Change. Equipment and/or test kits are changing as the Agency updates standards, procedures, and processes. Structured training modules will be developed and made available to all Agricultural Commodity Graders (inspectors).

(c) An increase of \$146,000 for in-house automation initiatives.

Need for Change. Reduction of paper and increased efficiency at the field office level. Increase ability to conduct complex analyses on new objective testing procedures using in-house equipment and expertise.

Nature of Change. Field Offices will be provided with on-line access to the Kansas City Technical Center, NFC, and Headquarters. On-line capability will minimize error rate which is extremely costly. Data entered into the Technical Center computer will be subject to complex analysis in a more timely fashion.

(d) An increase of \$343,000 for increased operating costs.

Need for Change. This increase will provide the funding necessary to continue providing quality inspection and weighing services to the grain industry. In its continuing effort to reduce man-hours, the Agency will have to move into the area of electronic data transmission. The installation of sophisticated telephone lines and security at the field office level is one area in which the Agency can quickly achieve a savings in man-hours.

Nature of Change. In FY 1992 FTS 2000 capabilities will replace the existing FTS system at field locations. This new system will reduce operating costs once initial installation costs are covered. Dedicated telephone lines will be installed for data transmission, set-up costs will quickly be offset by increased efficiency. Routine billing and collection data will be transmitted to the National Finance Center minimizing the delay between the actual inspection and receipt of payment. Computer security will be strengthened to prevent unauthorized on-line computer access.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	FY 1990		FY 1991		FY 1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$504,143	8	\$426,000	8	\$426,000	8
Arkansas	1,536,153	43	1,356,000	42	1,536,000	42
California	98,027	1	100,000	1	100,000	1
District of Columbia .	8,401,957	136	8,700,000	138	9,472,000	138
Georgia	199,851	6	220,000	4	220,000	4
Idaho	229,597	4	230,000	4	230,000	4
Illinois	942,970	23	1,040,000	22	1,240,000	22
Indiana	252,454	5	255,000	5	255,000	5
Iowa	255,608	5	290,000	5	290,000	5
Kansas	462,730	7	615,000	7	615,000	7
Louisiana	9,112,678	110	9,675,000	116	10,675,000	116
Maryland	1,986,030	57	2,265,000	58	2,315,000	58
Michigan	205,490	5	225,000	5	225,000	5
Minnesota	412,973	11	600,000	11	600,000	11
Mississippi	1,570	12	385,000	12	385,000	12
Missouri	540,404	7	490,000	8	550,000	8
Nebraska	368,323	4	340,000	4	340,000	4
North Dakota	256,618	6	345,000	6	345,000	6
Ohio	654,424	18	701,000	18	701,000	18
Oregon	2,599,500	94	3,400,000	94	3,600,000	94
Pennsylvania	—	—	60,000	—	60,000	—
Tennessee	438	2	95,000	1	95,000	1
Texas	4,815,634	108	4,915,000	106	5,465,000	106
Virginia	0	—	6,000	—	6,000	—
Washington	111,421	3	130,000	3	130,000	3
Total States	33,948,993	675	36,864,000	678	39,876,000	678
Canada	256,727	3	300,000	3	300,000	3
Total, Available or Estimate	34,205,720	678	37,164,000	681	40,176,000	681

The passenger motor vehicle of the Federal Grain Inspection Service is used (where a common carrier or GSA vehicles is not feasible) for necessary field travel in carrying out the mission of the agency. This passenger motor vehicle is located at the Kansas City Technical Center.

Age and mileage data for motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1987	1	100	47	1	100

The passport was valid at the time of the arrest. It was issued in London, England, on the 15th of June, 1947. It was valid for travel to the United States and Canada. It was valid for travel to the United States and Canada. It was valid for travel to the United States and Canada.

Has the passport been used for travel to the United States and Canada? Yes, it has been used for travel to the United States and Canada.

Passport No.	Issued At	Valid To	Used For
123456789	London, England	15 June 1947	Travel to the United States and Canada

Is the passport still valid? No, it is no longer valid.

AGRICULTURAL COOPERATIVE SERVICE

Purpose Statement

The Agricultural Cooperative Service (ACS) is assigned functions under both the Cooperative Marketing Act of 1926 and under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of economic, legal, financial, social, and other phases of cooperation, including analyses of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise with committees or groups of producers who want to form a cooperative association and to make an economic analysis of the facts relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and to cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities which relate to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations on subjects relating to cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, ACS provides technical advice to assist farmer cooperatives in the development and operation of viable profitable organizations serving the nation's family farmers.

ACS is headquartered in Washington, DC, with 3 field offices which are in Hilo, Hawaii; Columbus, Ohio; and Greenville, North Carolina. As of September 30, 1990, ACS employed 68 permanent full-time and 4 part-time personnel, 68 of whom were located in headquarters and 4 in the field offices.

AGRICULTURAL COOPERATIVE SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

ITEM	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Agricultural Cooperative Service.....	\$4,714,000	67	\$4,864,000	69	\$5,140,000	69

Full-time Equivalent
Staff-Years:

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling.....	67	69	69
Non-Ceiling.....	4	4	4
Total.....	<u>71</u>	<u>73</u>	<u>73</u>

AGRICULTURAL COOPERATIVE SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	1	--	1	1	--	1	1	--	1
GS/GM-15	5	--	5	5	--	5	5	--	5
GS/GM-14	14	--	14	14	--	14	14	--	14
GS/GM-13	17	2	19	17	2	19	17	2	19
GS-12	5	1	6	5	1	6	5	1	6
GS-11	8	--	8	8	--	8	8	--	8
GS-9	4	--	4	4	--	4	4	--	4
GS-7	7	--	7	7	--	7	7	--	7
GS-6	3	--	3	3	--	3	3	--	3
Other graded positions	1	--	1	1	--	1	1	--	1
Ungraded positions....	1	--	1	1	--	1	1	--	1
Total permanent positions.....	66	3	69	66	3	69	66	3	69
Unfilled positions									
end-of-year.....	-1	--	-1	--	--	--	--	--	--
Total, permanent employment, end-of-year.....	65	3	68	66	3	69	66	3	69
Staff-Years:									
Ceiling.....	64	3	67	66	3	69	66	3	69
Non-Ceiling.....	4	--	4	4	--	4	4	--	4
Total.....	68	3	71	70	3	73	70	3	73

AGRICULTURAL COOPERATIVE SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	\$2,812,169	\$2,884,000	\$3,035,000
Field.....	<u>98,738</u>	<u>106,000</u>	<u>125,000</u>
11 Total personnel compensation.....	2,910,907	2,990,000	3,160,000
12 Personnel benefits.....	519,288	547,000	578,000
13 Benefits for former personnel.....	<u>4,658</u>	<u>5,000</u>	<u>5,000</u>
Total personnel compensation and benefits.....	<u>3,434,853</u>	<u>3,542,000</u>	<u>3,743,000</u>
Other Objects:			
21 Travel.....	172,111	190,000	201,000
22 Transportation of things..	19,972	2,000	2,000
23.2 Rental payments to others.....	1,015	1,000	1,000
23.3 Communications, utilities, and miscellaneous charges.....	177,130	187,000	198,000
24 Printing and reproduction..	128,890	85,000	90,000
25 Other services.....	438,135	748,000	790,000
26 Supplies and materials....	54,651	39,000	41,000
31 Equipment.....	<u>184,546</u>	<u>70,000</u>	<u>74,000</u>
Total other objects.....	<u>1,176,450</u>	<u>1,322,000</u>	<u>1,397,000</u>
Total direct obligations.....	<u>4,611,303</u>	<u>4,864,000</u>	<u>5,140,000</u>

Position Data:

Average Salary, ES positions.....	\$81,400	\$104,600	\$109,000
Average Salary, GM/GS positions.....	\$43,114	\$45,391	\$47,661
Average Grade, GM/GS positions.....	11.32	11.32	11.32

AGRICULTURAL COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses

For necessary expenses to carry out the Cooperative Marketing Act of July 2, 1926 (7 U.S.C. 451-457), and for activities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and for activities with institutions or organizations throughout the world concerning the development and operation of agricultural cooperatives (7 U.S.C. 3291), [\$4,864,000] 1/ \$5,140,000; [of which \$99,000 shall be available for a field office in Hawaii:] Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$15,000 shall be available for employment under 5 U.S.C. 3109.

The change in language is for deletion of a provision setting aside \$99,000 for maintaining a field office in Hawaii. The department believes that such restrictive language should not be placed in the appropriation act. The Hilo, Hawaii office remains a fully functional office but the level of funding should depend on the overall needs of the Agency. The Agency remains committed to fully staff and maintain the Hilo office in FY 1992.

SALARIES AND EXPENSES

Appropriations Act, 1991.....	\$4,864,000
Budget Estimate, 1992.....	<u>5,140,000</u>
Increase in Appropriation.....	<u>+276,000</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>1992 Estimated</u>
Research on agricultural cooperatives.....	\$2,870,000	+\$148,000	\$3,018,000
Technical assistance to agricultural cooperatives.	<u>1,994,000</u>	<u>+128,000</u>	<u>2,122,000</u>
Total Available.....	<u>4,864,000</u>	<u>+276,000</u>	<u>5,140,000</u>

PROJECT STATEMENT
(On basis of appropriation)

PROJECT	: <u>1990 Actual</u>	: <u>1991 Estimated</u>	: Increase	: <u>1992 Estimated</u>
	: Staff-:	: Staff-:	: or	: Staff-
	: Amount :Years :	: Amount :Years :	: Decrease	: Amount :Years :
1. Research on agricultural cooperatives.....	\$2,720,610: 34	\$2,870,000: 36	+\$148,000	\$3,018,000: 36
2. Technical assistance to agricultural cooperatives.....	1,890,693: 33	1,994,000: 33	+128,000	2,122,000: 33
Unobligated balance..	102,697: --	--	--	--
Total Appropriation..	<u>\$4,714,000: 67</u>	<u>\$4,864,000: 69</u>	<u>+\$276,000(1)</u>	<u>\$5,140,000: 69</u>

EXPLANATION OF PROGRAM

The Agricultural Cooperative Service (ACS) serves as the national focal point and storehouse for information about farmer cooperatives. The major missions of the agency include research on cooperative problems and issues, providing technical assistance and advice to existing and newly emerging cooperative associations, collection and dissemination of cooperative statistics, and preparation and distribution of educational materials on cooperatives.

The Agency's research program includes studies of economic, financial, organizational, managerial, legal, social and policy related issues that affect cooperatives. Studies may be specific to a single commodity or group of commodities or may focus on specific functions which cut across commodity and service lines for cooperatives that market farm products, purchase production supplies, or perform related services.

Technical assistance is provided in response to requests, usually from cooperative boards of directors or organizational steering committees who may represent small groups or thousands of farmers. Types of technical assistance provided by ACS include feasibility analysis, merger and other organizational

studies, strategic assessment and planning, and review of operations and performance of the range of cooperative activities. Feasibility analysis and organizational and educational assistance are provided for newly emerging cooperatives. ACS provides technical assistance for farmers and their cooperatives in most commodity and functional areas of cooperative operations.

JUSTIFICATION OF INCREASE

- (1) A total increase of \$276,000 for pay costs which consists of \$110,400 for the annualization of the 1991 pay raise and \$165,600 for the 1992 pay raise.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS 1990 AND ESTIMATED 1991 AND 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia	\$4,389,426	64	\$4,633,000	66	\$4,897,000	66
Hawaii.....	99,793	1	104,000	1	109,000	1
North Carolina.....	68,384	1	71,000	1	75,000	1
Ohio.....	53,700	1	56,000	1	59,000	1
Subtotal, available or estimate.....	4,611,303	67	4,864,000	69	5,140,000	69
Unobligated balance	102,697	--	--	--	--	--
Total, Available or estimate.....	<u>4,714,000</u>	<u>67</u>	<u>4,864,000</u>	<u>69</u>	<u>5,140,000</u>	<u>69</u>

PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

The Packers and Stockyards Administration was reestablished by Secretary's Memorandum No. 1000-1, of June 17, 1981. The Agency administers the Packers and Stockyards Act of 1921, as amended, and carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. The Agency also has responsibility with respect to persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act and the Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the market place. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the Agency is also aimed at protecting consumers and members of the livestock, meat and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish "central filing systems" for the purpose of pre-notifying buyers, commission merchants, and selling agents of security interests against "farm products". It is the responsibility of the Packers and Stockyards Administration to issue regulations and to certify those systems which meet the criteria set forth in the statute.

Headquarters of the Agency is located in Washington, D.C., with 12 regional offices located in Atlanta, Georgia; Bedford, Virginia; Denver, Colorado; Fort Worth, Texas; Indianapolis, Indiana; Kansas City, Kansas; Lancaster, Pennsylvania; Memphis, Tennessee; Omaha, Nebraska; Portland, Oregon; Sacramento, California; and South St. Paul, Minnesota. As of September 30, 1990, there were 181 full-time permanent and 7 other employees. Of the total, 44 full-time employees worked in the Headquarters office; 137 full-time employees and 7 other employees worked in the regional offices.

PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Packers and Stockyards Administration	\$9,562,000	187	\$10,687,000	187	\$11,359,000	187

Full-time Equivalent Staff-Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling	187	187	187
Non-Ceiling	--	--	--
Total	<u>187</u>	<u>187</u>	<u>187</u>

PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary

1990 Actual and Estimated 1991 and 1992

Grade	1990		1991		1992	
	Headquarters	Field : Total	Headquarters	Field : Total	Headquarters	Field : Total
ES-5	1	1	1	1	1	1
ES-4	1	1	1	1	1	1
GS/GM-15	3	3	3	3	3	3
GS/GM-14	8	8	8	8	8	8
GS/GM-13	14	26	14	26	14	26
GS-12	2	39	4	42	4	42
GS-11	3	40	2	37	2	37
GS-10	1	1	1	1	1	1
GS-9	2	13	2	10	2	10
GS-8	--	--	--	--	--	--
GS-7	4	17	4	22	4	22
GS-6	3	6	3	9	3	9
GS-5	3	8	3	8	3	8
GS-4	--	7	--	8	--	8
GS-3	1	2	--	2	--	2
GS-2	--	--	--	--	--	--
Other Graded Positions	--	--	--	--	--	--
Ungraded Positions	--	--	--	--	--	--
Total Permanent Positions	46	142	46	145	46	145
Unfilled Positions end-of-year	-1	-5	--	--	--	--
Total, Permanent Employment, end-of-year	45	137	--	--	--	--
Staff Years:						
Ceiling	44	143	46	141	46	141
Non-Ceiling	0	0	0	0	0	0
TOTAL	44	143	46	141	46	141
						187

PACKERS AND STOCKYARDS ADMINISTRATION

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$1,925,372	\$1,801,822	\$2,082,447
Field	<u>4,625,856</u>	<u>5,106,762</u>	<u>5,379,350</u>
11 Total personnel compensation	6,551,228	6,908,584	7,461,797
12 Personnel benefits..	1,200,157	1,369,904	1,407,493
13 Benefits for former personnel	<u>--</u>	<u>--</u>	<u>--</u>
Total Personnel Comp. and Benefits	<u>7,751,385</u>	<u>8,278,488</u>	<u>8,869,290</u>
Other Objects:			
21 Travel	524,695	569,000	607,000
22 Transportation of things	24,937	23,500	33,000
23.2 Rental Payments to others	176,654	178,000	187,000
23.3 Communications, utilities, and misc. charges	385,484	405,000	552,000
24 Printing and reproduction	26,820	31,080	40,000
25 Other services	506,326	511,000	667,610
26 Supplies and materials	67,503	72,200	79,100
31 Equipment	11,529	618,732	324,000
43 Interest & dividends	<u>162</u>	<u>--</u>	<u>--</u>
Total other objects	<u>1,724,110</u>	<u>2,408,512</u>	<u>2,489,710</u>
Total direct obligations	<u>9,475,495</u>	<u>10,687,000</u>	<u>11,359,000</u>

Position Data:

Average Salary, ES positions	\$80,300	\$103,059	\$107,182
Average Salary, GM/GS positions	\$34,558	\$36,138	\$37,828
Average Grade, GM/GS positions	10.34	10.36	10.38

PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Packers and Stockyards Administration:

For necessary expenses for administration of the Packers and Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$5,000 for employment under 5 U.S.C. 3109, [\$10,687,000] \$11,359,000.

SALARIES AND EXPENSES

Appropriation Act, 1991	\$10,687,000
Budget Estimate, 1992	11,359,000
Increase in Appropriation	<u>672,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>1992 Estimated</u>
Administration of the Packers and Stockyards Act	\$10,559,000	+\$672,000	\$11,231,000
Certification of "Clear Title"	128,000	--	128,000
Total Available	<u>10,687,000</u>	<u>+672,000</u>	<u>11,359,000</u>

PROJECT STATEMENT
(On basis of appropriation)

	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>Increase</u>	<u>1992 Estimated</u>	
	: Staff:		: Staff-		: or	: Staff-	
	: Amount	: Years:	: Amount	: Years	: Decrease	: Amount	: Years
1. Administration:	:	:	:	:	:	:	:
of the	:	:	:	:	:	:	:
Packers and	:	:	:	:	:	:	:
Stockyards	:	:	:	:	:	:	:
Act.....	\$9,347,495:	184	\$10,559,000:	184	+\$672,000:	\$11,231,000:	184
2. Certification:	:	:	:	:	:	:	:
of Clear	:	:	:	:	:	:	:
Title.....	128,000:	3	128,000:	3	--	128,000:	3
Unobligated	:	:	:	:	:	:	:
balance	86,505:	--	--	--	--	--	--
Total	:	:	:	:	:	:	:
appropriation..	9,562,000:	187	10,687,000	187	+ 672,000	11,359,000:	187

EXPLANATION OF PROGRAM

The Packers and Stockyards Administration (P&SA) administers the Packers and Stockyards (P&S) Act (7 U.S.C. 181-229). The Agency also carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. In addition, the Agency administers the Truth-in-Lending Act (15 U.S.C. 1601 et seq); the Fair Credit Reporting Act (15 U.S.C. 1681 et seq); and the Freedom of Information Act (5 U.S.C. 552) as these statutes apply to persons and firms subject to the P&S Act. Agency programs are designed to assure the integrity of the livestock, meat and poultry markets and the marketplace. Other functions of the Agency include assuring prompt payment to producers for livestock and poultry, and assuring nondiscriminatory marketing charges and accurate weights. The Agency's programs also include protecting consumers from unfair business practices in the marketing of meat.

Coverage of Program:

	1990 Actual	1991 Estimated	1992 Estimated
Investigations	2,327	2,400	2,400
Market Agencies/ Dealers Registered	9,605	9,700	9,700
Stockyards Posted	1,618	1,630	1,630
Slaughtering and Processing Packers Subject to the Act (estimated)	6,500	6,500	6,500
Distributors, Brokers, and Dealers Subject to the Act (estimated)	6,900	6,900	6,900
Poultry Operations Subject to the Act	275	275	275

The wholesale value of livestock, meat, and poultry subject to the Act is \$88 billion each year.

The principal activities carried out in administering the Act are:

- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.
- Investigating packer meat merchandising and chain store buying practices in order to maintain prices established by fair and competitive marketing practices.
- Investigating the financial condition and payment practices of market agencies, dealers, and packers subject to the Act to determine if they are financially sound and capable of meeting their obligations.
- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry.
- Surveillance of marketing at public markets and geographical area markets to foster and maintain fair and effective competition and avoid conflicts of interest.
- Obtaining adequate surety bonds from auction operators, commission firms, dealers, and packers (purchasing more than \$500,000 of livestock annually) to assure payment for livestock purchased.
- Investigating poultry marketing practices to identify and correct those which are injurious to producers and operators in the industry.

Justification of Increases and Decreases

- (1) A total increase of \$672,000 for pay costs, consisting of \$81,000 for the annualization of the FY 1991 pay raise and \$591,000 for the FY 1992 pay raise.

PACKERS AND STOCKYARDS ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$471,479	12	\$553,953	12	\$592,429	12
Colorado	426,762	10	491,721	10	525,875	10
District of Columbia ..	3,192,342	46	3,643,581	46	3,826,365	46
Georgia	484,355	11	565,585	11	604,869	11
Indiana	565,210	13	625,956	13	669,433	13
Kansas	525,923	13	626,297	13	669,798	13
Minnesota	576,302	12	597,880	12	639,407	12
Nebraska	584,796	10	650,624	10	695,815	10
Oregon	418,463	12	545,434	12	583,318	12
Pennsylvania	582,208	12	581,213	12	621,582	12
Tennessee	547,648	13	615,668	13	658,431	13
Texas	572,225	12	617,751	12	660,658	12
Virginia	527,782	11	571,337	11	611,020	11
Subtotal, Available or Estimate	9,475,495	187	10,687,000	187	11,359,000	187
Unobligated balance	86,505	--	--	--	--	--
Total, Available or Estimate	9,562,000	187	10,687,000	187	11,359,000	187

FOOD SAFETY AND INSPECTION SERVICE

Purpose Statement

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of the Agency is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of the Food Safety and Inspection Service provides inplant inspection of all domestic establishments preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to that of the Federal inspection program.

During 1990, the Agency maintained central offices in the Washington metropolitan area, five regional offices, 26 area offices, and a nationwide network of inspectors in approximately 7,000 establishments (including official import inspection facilities) in 50 States, Puerto Rico, American Samoa, Guam, and the Virgin Islands. Much of the work is conducted in cooperation with Federal, State and municipal agencies, as well as private industry. As of September 30, 1990, the Agency employment totaled 8,994 permanent full-time employees and 832 other employees. Of these, 673 permanent full-time employees and 63 other employees were located in the central offices, and 462 permanent full-time employees and 17 other employees were in area and regional offices. The balance of 7,859 permanent full-time employees and 752 other employees were in field locations.

FOOD SAFETY AND INSPECTION SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990 Actual	Staff- Years	1991 Estimated	Staff- Years	1992 Estimated	Staff- Years
	Amount		Amount		Amount	
Salaries and Expenses:	\$421,298,000:	9,206:	\$448,882,000:	9,277:	\$473,512,000:	9,304
Obligations under	:	:	:	:	:	:
other USDA	:	:	:	:	:	:
appropriations:	:	:	:	:	:	:
APHIS for blood	:	:	:	:	:	:
samples (MPI)....	831,110:	--:	1,000,000:	--:	1,000,000:	--
Total, Agriculture	:	:	:	:	:	:
Appropriations.....	422,129,110:	9,206:	449,882,000:	9,277:	474,512,000:	9,304
Non-Federal Funds:	:	:	:	:	:	:
Reimbursements for	:	:	:	:	:	:
Meat and Poultry	:	:	:	:	:	:
Inspection.....	51,976,433:	200:	54,000,000:	227:	55,000,000:	227
Trust Funds for	:	:	:	:	:	:
Meat and Poultry	:	:	:	:	:	:
Inspection.....	1,351,406:	26:	1,400,000:	21:	1,200,000:	21
Total,	:	:	:	:	:	:
Non-Federal Funds..	53,327,839:	226:	55,400,000:	248:	56,200,000:	248
Total,	:	:	:	:	:	:
Food Safety and	:	:	:	:	:	:
Inspection Service..	475,456,949:	9,432:	505,282,000:	9,525:	530,712,000:	9,552

Full-Time Equivalent Staff-Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling.....	9,432	9,525	9,552
Non-ceiling.....	<u>1,017</u>	<u>1,032</u>	<u>1,032</u>
Total.....	<u>10,449</u>	<u>10,557</u>	<u>10,584</u>

FOOD SAFETY AND INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

	1990			1991			1992			
Grade	Head- quarter:	: Field	: Total	Head- quarter:	: Field	: Total	Head- quarter:	: Field	: Total	
ES-6	1	:	0	:	1	2	:	0	:	2
ES-5	10	:	0	:	10	10	:	1	:	11
ES-4	5	:	2	:	7	5	:	3	:	8
ES-3	2	:	2	:	4	2	:	1	:	3
ES-2	0	:	1	:	1	0	:	0	:	0
ES-1	1	:	0	:	1	0	:	0	:	0
	:	:	:	:	:	:	:	:	:	:
GS/GM-15	35	:	9	:	44	34	:	9	:	43
GS/GM-14	89	:	49	:	138	90	:	50	:	140
GS/GM-13	187	:	256	:	443	189	:	259	:	448
GS-12	77	:	868	:	945	78	:	878	:	956
GS-11	49	:	506	:	555	49	:	512	:	561
GS-10	0	:	145	:	145	0	:	147	:	147
GS-9	29	:	2,279	:	2,308	31	:	2,304	:	2,335
GS-8	6	:	1,162	:	1,168	6	:	1,175	:	1,181
GS-7	66	:	3,021	:	3,087	67	:	3,056	:	3,123
GS-6	54	:	55	:	109	54	:	56	:	110
GS-5	52	:	454	:	506	53	:	459	:	512
GS-4	26	:	104	:	130	26	:	105	:	131
GS-3	8	:	14	:	22	8	:	14	:	22
GS-2	2	:	2	:	4	2	:	2	:	4
Ungraded Positions	:	:	:	:	:	:	:	:	:	:
	4	:	19	:	23	4	:	19	:	23
Total, Permanent Positions.....	703	:	8,948	:	9,651	711	:	9,048	:	9,759
Unfilled Positions, end-of-year...	30	:	607	:	637	30	:	607	:	637
Total Permanent Employment, end-of-year...	673	:	8,341	:	9,014	681	:	8,441	:	9,122
Staff Years:	:	:	:	:	:	:	:	:	:	:
Ceiling.....	779	:	8,653	:	9,432	787	:	8,738	:	9,525
Non-Ceiling...	2	:	1,015	:	1,017	2	:	1,030	:	1,032
Total.....	781	:	9,668	:	10,449	789	:	9,768	:	10,584

FOOD SAFETY AND INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	\$28,202,799	\$29,893,000	\$31,911,000
Field.....	<u>244,508,040</u>	<u>259,160,000</u>	<u>276,654,000</u>
11 Total personnel compensation..	272,710,839	289,053,000	308,565,000
12 Personnel benefits.....	55,741,561	68,614,000	73,257,000
13 Benefits for former personnel.	<u>6,800,383</u>	<u>1,377,000</u>	<u>1,377,000</u>
Total personnel compensation..			
and benefits.....	335,252,783	359,044,000	383,199,000
Other Objects:			
21 Travel.....	19,570,478	20,193,000	20,193,000
22 Transportation of things.....	1,542,403	1,622,000	1,622,000
23 Communications, utilities			
and miscellaneous charges.....	8,030,308	9,992,000	9,992,000
24 Printing and reproduction.....	1,103,087	1,160,000	1,160,000
25 Other services.....	13,908,445	14,432,000	14,432,000
26 Supplies and materials.....	2,483,724	2,613,000	2,613,000
31 Equipment.....	1,620,210	1,704,000	1,704,000
41 Grants, subsidies and			
contributions.....	37,625,000	38,047,000	38,522,000
42 Insurance claims and			
indemnities.....	65,036	68,000	68,000
43 Interest and dividends.....	<u>4,504</u>	<u>7,000</u>	<u>7,000</u>
Total Other Objects.....	<u>85,953,195</u>	<u>89,838,000</u>	<u>90,313,000</u>
Total Direct Obligations.....	<u>421,205,978</u>	<u>448,882,000</u>	<u>473,512,000</u>

Position Data:

Average Salary, ES positions.....	\$79,500	\$95,600	\$101,000
Average Salary, GM/GS positions..	\$29,477	\$30,950	\$32,500
Average Grade, GM/GS positions...	8.66	8.66	8.66

FOOD SAFETY AND INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, as amended, and the Poultry Products Inspection Act, as amended, [~~\$440,882,000~~] \$473,512,000: Provided, That this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

SALARIES AND EXPENSES, CURRENT LAW

Appropriation Act, 1991.....	\$440,882,000
Budget Estimate, 1992.....	<u>473,512,000</u>
Increase in Appropriation.....	<u>+32,630,000</u>

Adjustments in 1991:

Appropriation Act, 1991.....	\$440,882,000
Pending Supplemental Request.....	<u>+8,000,000</u>
Adjusted base for 1991.....	448,882,000
Budget estimate, 1992.....	<u>473,512,000</u>
Increase over adjusted 1991.....	<u>+24,630,000</u>

SALARIES AND EXPENSES, PROPOSED LEGISLATION

Budget Estimate, Current Law, 1992.....	\$473,512,000
Change due to proposed legislation.....	<u>-50,000,000</u>
Net Request, President's 1992 Budget Request.....	<u>423,512,000</u>

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Slaughter Inspection....	\$265,484,000	+\$16,021,000	--	\$281,505,000
Processing Inspection...	111,282,000	+6,440,000	--	117,722,000
Import-Export Inspection	11,379,000	+666,000	--	12,045,000
Laboratory Services.....	22,690,000	+1,028,000	--	23,718,000
Grants-to-States.....	<u>38,047,000</u>	--	<u>+475,000</u>	<u>38,522,000</u>
Total Available.....	<u>448,882,000</u>	<u>+24,155,000</u>	<u>475,000</u>	<u>473,512,000</u>

PROJECT STATEMENT -- CURRENT LAW
(On basis of adjusted appropriation)

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
	<u>Amount</u>	<u>Staff: Years</u>		<u>Amount</u>
<u>Meat and Poultry Inspection</u>				
(a) Slaughter Inspection....	\$247,595,291:6,396	\$265,484,000:6,445	+\$16,021,000(1)	\$281,505,000:6,472
(b) Processing Inspection...	103,925,546:2,310	111,282,000:2,328	+6,440,000(2)	117,722,000:2,328
(c) Import-Export Inspection.....	10,666,172: 200	11,379,000: 202	+666,000(3)	12,045,000: 202
(d) Laboratory Services.....	21,393,969: 300	22,690,000: 302	+1,028,000(4)	23,718,000: 302
(e) Grants-to-States.....	37,625,000: --	38,047,000: --	+475,000(5)	38,522,000: --
Total, Meat and Poultry Inspection.....	421,205,978:9,206	448,882,000:9,277	+24,630,000	473,512,000:9,304
Unobligated balance lapsing...	92,022: --	--: --		
Total available or estimate...	421,298,000:9,206	448,882,000:9,277		
Supplemental Request for 1991..	--: --	-8,000,000: --		
Total Appropriation.....	<u>421,298,000:9,206</u>	<u>440,882,000:9,277</u>		

EXPLANATION OF PROGRAM

The Food Safety and Inspection Service administers a national meat and poultry inspection program pursuant to the Federal Meat Inspection Act and the Poultry Products Inspection Act. These acts require ante-mortem and post-mortem inspection of domestic livestock and poultry, and the inspection during further processing of meat and poultry products. The major objective of the meat and poultry inspection program is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged.

The Meat and Poultry Inspection program is responsible for uniformly applying inspection procedures and standards for sanitation, humane slaughter, facilities and equipment, and product labeling at all establishments under Federal inspection. It is also responsible for assessing the effectiveness of State inspection programs to assure that standards at least equal to those under the Inspection Acts are applied to meat and poultry establishments under State jurisdiction. Further, the program is responsible for reviewing foreign inspection systems and plants that export meat and poultry products to the United States, and inspecting imported products at ports of entry. The Laboratory Services program supports meat and poultry inspection through the scientific examination of meat and poultry products for disease, contamination, or other forms of adulteration.

In its enforcement of food safety laws, the Agency strives to modernize its inspection systems and improve the effectiveness of regulatory processes. FSIS continues to emphasize reform of its inspection systems. The Agency is incorporating into its inspection procedures the scientifically-based process control approach called the Hazard Analysis and Critical Control Point (HACCP) system for enhanced public health protection. HACCP is a specific inspectional approach to control biological and physical adulteration in foods. This approach includes the assessment of risks and the identification of points throughout the production and distribution system where control is necessary to eliminate potential risks. The Agency will begin training processing inspectors in HACCP procedures and will revise regulations to reflect HACCP requirements.

In carrying out its responsibilities, FSIS approves product formulas and labeling before products are marketed. The Agency is seeking to improve the responsiveness of its label approval system and to coordinate its efforts with the Food and Drug Administration and others in the public and private sectors to make federal labeling policies more uniform and informative. Reform of the FSIS label approval process is needed to keep pace with new technology, changing consumer expectations, and emerging health concerns. The Agency will modernize label record storage and improve its ability to respond more promptly to label applications.

INSPECTION DATA

	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Federally inspected establishments:			
Slaughter plants.....	374	374	374
Processing plants.....	4,622	4,622	4,622
Combination slaughter and processing plants.....	1,175	1,175	1,175
Talmadge-Aiken Plants.....	325	325	325
Import establishments.....	218	218	218
Federally inspected production (millions of pounds):			
Meat slaughter.....	38,413	38,400	38,400
Meat processing.....	40,500	41,500	42,500
Poultry slaughter.....	31,932	33,900	35,900
Poultry processing.....	11,451	12,000	12,500
Import/Export activity (millions of pounds):			
Meat and poultry imported.....	2,656	2,650	2,650
Meat and poultry exported.....	2,679	2,700	2,700
Imports refused entry.....	14	12	12
States and territories with cooperative agreements:			
Intrastate inspection.....	28	27	27
Talmadge-Aiken inspection.....	22	22	22
Number of slaughter and/or processing plants (excludes exempt plants).....	3,385	3,330	3,330
Pounds inspected, slaughter and processing (millions).....	3,849	3,800	3,800
Compliance activities:			
Hazardous product detained (millions of pounds).....	8.3	8.3	8.3
Compliance reviews.....	56,000	56,000	56,000
Detention actions.....	883	900	900
Laboratory Services (samples analyzed):			
Food chemistry.....	56,616	57,000	57,000
Food microbiology.....	34,890	35,000	35,000
Chemical residues.....	170,578	171,000	171,000
Antibiotic residues.....	239,956	240,000	240,000
Pathology samples.....	9,446	9,500	9,500

GAO REPORTS

<u>Number</u>	<u>Date Issued</u>	<u>Date Completed</u>	<u>Description</u>
RCED-87-142	9/30/87	--	"Imported Meat and Livestock" Chemical Residue Detection and the Issue of Labeling.
RCED-89-55	3/31/89	--	Internal Controls: Program to Address Meat and Poultry Plants Needs Improvement.
RCED-89-53	7/31/89	--	Review of FSIS Development of Performance-Based Inspection System.
RECD-90-176	5/31/90	--	Food Safety: Issues USDA Should Address Before Ending Canadian Meat Inspections.
RECD-90-161	6/28/90	--	Truck Transport: Little Is Known About Hauling Garbage and Food in the Same Vehicles
HDR-90-118	5/04/90	5/04/90	Food Irradiation: Federal Requirements and Monitoring.

OIG REPORTS

24062-5-SF	5/09/89	--	Survey of Meat and Poultry Inspection Operations, Western Region
24062-6-SF	7/14/89	1/03/90	FSIS Conflict of Interest Statements.
24099-5-At	6/26/90	--	Labeling Policies and Approvals
24608-4-At	4/27/89	--	Evaluation of Compliance With Poultry Slaughter Procedures in Streamlined Inspection System Plants.
24002-4-Hy	3/29/89	--	Follow-Up Audit of the FSIS Imported Meat Process.
24097-1-At	2/05/87	--	FSIS Exporting Procedures
38097-1-At	9/26/86	3/29/90	OIG National Audit of FSIS Meat and Poultry Inspection Program.
24609-1-At	11/17/88	--	Monitoring and Controlling Pesticide Residues in Domestic Meat and Poultry Products.
24062-1-Kc	5/01/90	5/01/90	SIS-Cattle

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$16,021,000 for Slaughter Inspection (\$265,484,000 available in 1991) for increased pay costs including annualization of \$5,328,000 for the 1991 pay raise and \$10,693,000 for the 1992 pay raise.
- (2) An increase of \$6,440,000 for Processing Inspection (\$111,282,000 available in 1991) for increased pay costs including annualization of \$2,100,000 for the 1991 pay raise and \$4,340,000 for the 1992 pay raise.
- (3) An increase of \$666,000 for Import-Export Inspection (\$11,379,000 available in 1991) for increased pay costs including annualization of \$203,000 for the 1991 pay raise and \$463,000 for the 1992 pay raise.
- (4) An increase of \$1,028,000 for Laboratory Services (\$22,690,000 available in 1991) for increased pay costs including annualization of \$271,000 for the 1991 pay raise and \$757,000 for the 1992 pay raise.
- (5) An increase of \$475,000 for Grants to States (\$38,047,000 available in 1991).

Need for Change. State operated inspection programs are subject to increased costs for pay, travel, training, and other goods and services. If USDA is unable to provide its matching fifty percent of the cost of these programs in fiscal year 1992, it could result in some States being forced to terminate their programs for lack of adequate funding. In these cases the Federal Government is required by law to assume the full cost and responsibility for inspection in these States.

Nature of Change. Maryland will terminate its inspection program on April 1, 1991. Grants funds of \$950,000 formerly in support of the Maryland program would be made available to meet the rising costs of the remaining States with cooperative programs.

Food Safety and Inspection Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES -- PROPOSED LEGISLATION

<u>Item of Change</u>	<u>1992</u>		<u>President's Request</u>
	<u>Current Law</u>	<u>Program Changes</u>	
Slaughter Inspection....	\$281,505,000	-\$34,781,000	\$246,724,000
Processing Inspection...	117,722,000	-12,511,000	105,211,000
Import-Export Inspection	12,045,000	-1,085,000	10,960,000
Laboratory Services.....	23,718,000	-1,623,000	22,095,000
Grants-to-States.....	<u>38,522,000</u>	<u>--</u>	<u>38,522,000</u>
Total Available.....	<u>473,512,000</u>	<u>-50,000,000</u>	<u>423,512,000</u>

Explanation of Proposed Legislation

Legislation will be submitted to require the industry to share half the inspection costs for any daily inspection shift provided beyond one eight hour shift. Plants that now operate beyond approved regularly scheduled shifts already pay the overtime costs of inspection. Plants that now regularly operate an approved second shift are provided inspection without reimbursing the Federal Government. In some sense, these plants are operating in permanent overtime status. Rather than proposing that the entire cost of an additional shift be borne by the industry, USDA is proposing to share these costs while the industry would continue to pay the full cost of inspection when inspectors are in premium pay status. It is estimated that FSIS would collect as much as \$50 million for providing inspection services during approved second shifts.

FSIS must accommodate ever-growing demand for inspection services while trying to satisfy increasing public awareness and concern about food safety. Agency funding levels have not kept pace with demands on the Agency, forcing it to devote an ever-larger share of its resources simply to staying even with the demand for inspectors. As a consequence, funds for investment in new inspection systems designed to increase both productivity and safety have been sharply limited. The 1991 proposed supplemental is continued evidence of the strain on Agency resources.

In addition, legislation will be submitted to help prevent a disruption in the marketing of meat and poultry products when continuous inspection coverage is threatened by a technical funding reduction as a result of the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. It would allow establishments to voluntarily pay for required inspection when federal funding is unavailable due to a sequester. Current law does not permit such a procedure even when industry establishments are willing to do so.

Food Safety and Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	FY 1990		FY 1991		FY 1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	\$14,438,061	388	\$15,387,000	391	\$16,231,000	392
Alaska.....	339,264	0	362,000	0	381,000	0
Arizona.....	1,466,636	26	1,563,000	26	1,649,000	26
Arkansas.....	20,236,572	577	21,566,000	581	22,750,000	583
California.....	22,949,514	597	24,457,000	602	25,800,000	603
Colorado.....	6,027,044	160	6,423,000	161	6,776,000	162
Connecticut.....	1,480,566	35	1,578,000	35	1,664,000	35
Delaware.....	3,642,676	95	3,882,000	96	4,095,000	96
District of Columbia	56,738,825	651	60,466,000	655	63,786,000	661
Florida.....	6,901,170	125	7,355,000	126	7,758,000	126
Georgia.....	24,049,298	564	25,629,000	568	27,036,000	570
Hawaii.....	1,218,062	5	1,298,000	5	1,369,000	5
Idaho.....	2,033,542	53	2,167,000	53	2,286,000	54
Illinois.....	12,277,768	229	13,084,000	231	13,803,000	231
Indiana.....	6,756,365	125	7,200,000	126	7,595,000	126
Iowa.....	15,677,199	402	16,707,000	405	17,624,000	406
Kansas.....	9,772,589	240	10,415,000	242	10,986,000	243
Kentucky.....	4,690,881	121	4,999,000	122	5,273,000	122
Louisiana.....	4,246,173	80	4,525,000	81	4,774,000	81
Maine.....	983,910	24	1,049,000	24	1,106,000	24
Maryland.....	8,465,455	180	9,022,000	181	9,517,000	182
Massachusetts.....	2,342,533	59	2,496,000	59	2,633,000	60
Michigan.....	7,385,020	196	7,870,000	198	8,302,000	198
Minnesota.....	11,191,832	301	11,927,000	303	12,582,000	304
Mississippi.....	8,416,519	206	8,970,000	208	9,462,000	208
Missouri.....	13,538,091	338	14,428,000	341	15,219,000	342
Montana.....	1,936,857	40	2,064,000	40	2,177,000	40
Nebraska.....	10,670,397	291	11,372,000	293	11,996,000	294
Nevada.....	537,505	13	573,000	13	604,000	13
New Hampshire.....	455,215	12	485,000	12	512,000	12
New Jersey.....	4,727,157	116	5,038,000	117	5,314,000	117
New Mexico.....	1,369,777	25	1,460,000	25	1,540,000	25
New York.....	11,094,179	277	11,823,000	279	12,472,000	280
North Carolina.....	14,098,265	323	15,025,000	326	15,849,000	326
North Dakota.....	1,077,991	26	1,149,000	26	1,212,000	26
Ohio.....	10,311,695	161	10,989,000	162	11,592,000	163
Oklahoma.....	4,442,714	73	4,735,000	74	4,994,000	74
Oregon.....	3,053,311	76	3,254,000	77	3,432,000	77
Pennsylvania.....	17,607,719	453	18,765,000	457	19,794,000	458
Rhode Island.....	506,984	12	540,000	12	570,000	12
South Carolina.....	4,411,026	92	4,701,000	93	4,959,000	93
South Dakota.....	3,025,439	72	3,224,000	73	3,401,000	73
Tennessee.....	6,345,901	161	6,763,000	162	7,134,000	163
Texas.....	30,138,073	596	32,118,000	601	33,881,000	602
Utah.....	2,238,505	45	2,386,000	45	2,517,000	45
Vermont.....	570,487	7	608,000	7	641,000	7
Virginia.....	8,567,779	203	9,131,000	205	9,632,000	205
Washington.....	4,547,304	117	4,846,000	118	5,112,000	118
West Virginia.....	1,596,350	28	1,701,000	28	1,795,000	28
Wisconsin.....	7,471,811	140	7,963,000	141	8,400,000	142
Wyoming.....	265,814	1	283,000	1	299,000	1
Guam.....	38,196	1	41,000	1	43,000	1
Puerto Rico.....	2,489,741	65	2,653,000	66	2,799,000	66
Samoa.....	38,442	1	41,000	1	43,000	1
Virgin Islands.....	64,391	1	69,000	1	72,000	1
Foreign Countries...	241,388	1	257,000	1	269,000	1
Subtotal, Available or Estimate.....	421,205,978	9,206	448,882,000	9,277	473,512,000	9,304
Unobligated balance.	92,022	--	--	--	--	--
Total, Available or Estimate.....	421,298,000	9,206	448,882,000	9,277	473,512,000	9,304

ECONOMIC RESEARCH SERVICE

Purpose Statement

The Economic Research Service (ERS), was established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

ERS's mission is to provide economic and other social science information and analysis for improving the performance of agriculture and rural America.

ERS produces such information as a service to the general public and to help Congress and the administration develop, administer, and evaluate agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public. In addition, ERS produces economic and other social science information about the organization and institutions of the U.S. and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made available to the public through research monographs, situation and outlook reports, standardized data products in electronic media, professional and trade journals (including The Journal of Agricultural Economics Research), magazines (including Agricultural Outlook, Farmline, National Food Review, Rural Conditions and Trends, and Rural Development Perspectives), radio, television, newspapers, and frequent participation of ERS staff at various public forums.

ERS has four program divisions--Commodity Economics, Agriculture and Trade Analysis, Resources and Technology, and Agriculture and Rural Economy--that carry out the four principal functions of ERS: research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators. Research and economic and statistical indicators provide the knowledge base and the data base for the situation and outlook and staff analysis functions. The products of the situation and outlook analysis function are periodic reports that analyze the current situation and forecast the short-term outlook for major agricultural commodities, agricultural exports, agricultural finance, agricultural resources, and world agriculture. Staff analysis entails assessments of issues requiring policy decisions by the Administration and Congress.

ERS is located in Washington, D.C. As of September 30, 1990, ERS had 730 permanent, full-time employees and 49 part-time employees.

ECONOMIC RESEARCH SERVICEAvailable Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
Economic Research Service	\$50,689,000:	759:	\$54,400,000:	815:	\$62,479,000:	832
<u>Obligations under</u>						
<u>Other USDA</u>						
<u>appropriations:</u>						
Agricultural Market-						
ing Service for						
study of marketing						
of U.S. agricultural						
products	85,001:	1:	140,000:	1:	140,000:	1
Animal and Plant						
Health Inspection						
Service for pest						
management studies ..	35,000:	--:	--:	--:	--:	--
Cooperative State						
Research for review						
of agricultural						
research projects ..	52,571:	1:	--:	--:	--:	--
Foreign Agricultural						
Service for inter-						
national trade						
studies	55,820:	--:	11,000:	--:	11,000:	--
Federal Grain						
Inspection Service		--:	--:	--:	--:	--
for grain quality						
research	249,709:	--:	428,000:	2:	428,000:	2
Food Safety and In-						
spection Service for:						
research on						
toxicants	7,000:	--:	--:	--:	--:	--
National Agricultural						
Statistics Service						
for publication						
costs	5,000:	--:	--:	--:	--:	--
Office of Personnel						
personnel detail ...	27,490:	--:	--:	--:	--:	--
Office of the Sec-						
retary for study of						
CCC program	395,000:	8:	--:	--:	--:	--
Soil Conservation						
Service for wetlands:						
study	17,764:	--:	--:	--:	--:	--
World Agricultural						
Outlook Board for						
purchase of survey						
data	2,000:	--:	--:	--:	--:	--
Total, Other USDA						
Appropriations	932,355:	10:	579,000:	3:	579,000:	3
Total, Agriculture						
Appropriations	51,621,355:	769:	54,979,000:	818:	63,058,000:	835
<u>Other Federal Funds:</u>						
Bureau of Reclama-						
tion, USDI for fore-						
casters conference ..	7,308:	--:	--:	--:	--:	--
Bureau of the Census,						
USDC for forecasters:						
conference	1,500:	--:	--:	--:	--:	--

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Central Intelligence Agency for forecasters conference ..	4,741:	--:	--:	--:	--:	--:
Council of Economic Advisers for personnel details	46,051:	--:	68,000:	1:	68,000:	1
Department of Defense for grain transportation study	22,600:	--:	--:	--:	--:	--:
Department of Education for forecasters conference	3,500:	--:	--:	--:	--:	--:
Public Health Service, HHS for forecasters conference	1,299:	--:	--:	--:	--:	--:
National Oceanic and Atmospheric Admin., USDC for global change study	33,300:	--:	--:	--:	--:	--:
Office of International Cooperation and Development for personnel details and food aid studies:	655,394:	9:	813,000:	15:	813,000:	15
Total, Other Federal Funds	775,693:	9:	881,000:	16	881,000:	16
<u>Non-Federal Funds:</u>						
Miscellaneous Contributed Funds from publications and data sales, and other private organizations	231,123:	1:	588,000:	1:	400,000:	1
Texas A&M for a study of regional implications of farm programs	59,980:	1:	40,000:	--:	40,000:	--:
Total, Non-Federal Funds	291,103:	2:	628,000:	1:	440,000:	1
Total, Economic Research Service	52,688,151:	780:	56,488,000:	835:	64,379,000:	852

Full-time Equivalent Staff-Years:	1990 Actual	1991 Estimated	1992 Estimated
Ceiling	780	835	852
Non-ceiling	<u>0</u>	<u>0</u>	<u>0</u>
Total	780	835	852

ECONOMIC RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

Grade	FY 1990			FY 1991			FY 1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5.....	2	--	2	3	--	3	3	--	3
ES-4.....	6	--	6	5	--	5	5	--	5
GS/GM-16...	1	--	1	1	--	1	1	--	1
GS/GM-15...	52	--	52	52	--	52	53	--	53
GS/GM-14...	125	--	125	125	--	125	128	--	128
GS/GM-13...	205	1	206	206	--	206	211	--	211
GS-12.....	140	--	140	140	--	140	143	--	143
GS-11.....	41	--	41	41	--	41	42	--	42
GS-10.....	1	--	1	1	--	1	1	--	1
GS-9.....	29	--	29	29	--	29	30	--	30
GS-8.....	19	--	19	19	--	19	19	--	19
GS-7.....	45	--	45	45	--	45	46	--	46
GS-6.....	46	--	46	46	--	46	47	--	47
GS-5.....	49	--	49	49	--	49	50	--	50
GS-4.....	13	--	13	13	--	13	13	--	13
GS-3.....	3	--	3	3	--	3	3	--	3
GS-2.....	3	--	3	3	--	3	3	--	3
Total Permanent Positions...	780	1	781	781	--	781	798	--	798
Unfilled Positions end-of-year...	-51	--	-51	--	--	--	--	--	--
Total, Permanent Employment, end-of-year...	729	1	730	781	--	781	798	--	798
Staff-Years:									
Ceiling.....	779	1	780	835	--	835	852	--	852
Non-Ceiling...	--	--	--	--	--	--	--	--	--
TOTAL.....	779	1	780	835	--	835	852	--	852

ECONOMIC RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	32,372,047	34,857,000	37,296,000
Field	53,961	0	0
11 Total personnel compensation	32,426,008	34,857,000	37,296,000
12 Personnel benefits ...	5,629,000	6,214,000	6,649,000
13 Benefits for former personnel.....	<u>18,958</u>	<u>19,000</u>	<u>19,000</u>
Total Pers. Comp. & Benefits.....	<u>38,074,474</u>	<u>41,090,000</u>	<u>43,964,000</u>
Other Objects:			
21 Travel	597,419	650,000	832,000
22 Transportation of things	51,594	133,000	169,000
23.3 Communications, utilities, and misc. charges	897,534	1,032,000	1,322,000
24 Printing and reproduction	538,908	568,000	728,000
25 Other services	8,596,271	9,458,000	13,585,000
26 Supplies and materials	696,041	640,000	819,000
31 Equipment	<u>1,182,009</u>	<u>829,000</u>	<u>1,060,000</u>
Total other objects	<u>12,559,776</u>	<u>13,310,000</u>	<u>18,515,000</u>
Total direct obligations ...	<u>50,634,250</u>	<u>54,400,000</u>	<u>62,479,000</u>
Position Data:			
Average Salary, ES positions	\$79,750	\$102,038	\$102,038
Average Salary, GM/GS positions	\$41,985	\$43,707	\$45,461
Average Grade, GM/GS positions	11.2	11.2	11.2

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Economic Research Service:

- For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, including economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products, [\$54,400,000 of which \$500,000 shall be available for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: Provided, That this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer] \$62,479,000: Provided [further], That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) [: Provided further, That this appropriation shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis].

The two changes in language propose deletion of dollar floors and related provisions on EPA actions, price spreads, and foreign production and competition that are part of the ERS ongoing program.

ECONOMIC RESEARCH SERVICE

Appropriation Act, 1991.....	\$54,400,000
Budget Estimate, 1992.....	62,479,000
Increase in Appropriation.....	+8,079,000

Summary of Increase
(On basis of appropriation)

<u>Item of Change</u>	<u>1991</u> <u>Estimated</u>	<u>Pay Cost</u>	<u>Program</u> <u>Changes</u>	<u>1992</u> <u>Estimated</u>
Economic Analysis and Research	\$54,400,000	+\$2,600,000	+\$5,479,000	\$62,479,000

Project Statement
(On basis of appropriation)

	<u>1990</u> <u>Actual</u>		<u>1991</u> <u>Estimated</u>		<u>1992</u> <u>Estimated</u>
	<u>Amount</u>	<u>:Staff:</u> <u>:Years:</u>	<u>Amount</u>	<u>:Staff:</u> <u>:Years:</u>	<u>Amount</u>
-Economic Analysis and Research.....	\$50,634,250	759	\$54,400,000	815	\$62,479,000
Unobligated Balance.....	54,750	--	--	--	--
Total available or estimate....	50,689,000	759	54,400,000	815	62,479,000
Transfer from:					
National					
Agricultural					
Statistics					
Service for					
Aquaculture...	-100,000	--	--	--	--
Total, Appropriation:	50,589,000	759	54,400,000	815	

EXPLANATION OF PROGRAM

The appropriation for the Economic Research Service funds the following activity:

-- Economic analysis and research--This activity includes research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators in the four major program areas--commodity economics, agriculture and trade analysis, resources and technology, and agriculture and rural economy.

JUSTIFICATION OF INCREASES

- (1) An increase of \$8,079,000 for economic analysis and research consisting of:
- (a) An increase of \$2,600,000 for pay costs: \$630,000 for absorbed FY 1991 pay costs and \$1,970,000 for FY 1992 pay costs.
 - (b) An increase of \$2,500,000 for building a data base and analyzing food safety issues (\$1,150,000 available in 1991).

Need for Change. This increase will fund work to further develop an economic framework for the department's expanding food safety activities. In FY 1991, data on pesticide use and practices on fresh vegetables for five states were collected as part of the Food Safety Initiative. These data will be analyzed by ERS in order to understand the economic effects of alternative pesticide use levels and practices on the production of fresh vegetables. The analysis includes soliciting expert assessments of pesticide use levels and practices on crop yields and quality changes. Data were not collected on the use of chemicals and pesticides on fruits and vegetables for the off-farm marketing and distribution channels. Without this information, tracing pesticide residuals to source of pesticide or chemical application for establishing control mechanisms will be difficult and will be impossible for chemicals that can be used both in production and marketing. In 1992, data on pesticide use and production associated with the production of fresh produce and tree nuts in major producing States will be collected. These data will be analyzed by ERS in order to gain some insights into the economic effects of alternative pesticide use levels and practices on the production of fresh fruits and tree nuts. The analysis in 1992 will also focus on understanding the yield and quality effects of various pesticide regulatory strategies. Some of the 1992 funds will be used to identify post-farm-gate treatment practices and to analyze information at various levels within the marketing channels. The economic impacts associated with health concerns related to pesticide and chemical use increasingly depend on the strategic behavior of food marketing and retailing firms. The 1992 funds will be used to conduct surveys and analyses of the economic consequences of various strategies employed by retailing firms, including certification, labeling, trimming, and washing. Funding will permit the initiation of a research program to analyze the economic implications of consumer behavior in relation to knowledge of foodborne health risks and changes in product characteristics. This information is necessary to evaluate the costs and benefits of alternative production and marketing practices. Funds will also be used to conduct research on the economics of alternative control systems for microbial contaminants and natural toxins.

Nature of Change. This ERS initiative complements and expands the proposed USDA 1991 Food Safety Initiative by concentrating on several areas: (1) development of a data base with survey information on pesticide and chemical use application rates on fresh produce and tree nuts (this will complement the 1991 survey data that pertain to fresh vegetables) in the food production and off-farm food marketing sectors; (2) economic analyses of human health risks from foodborne hazards and costs and benefits of alternative pesticide/microbial control strategies associated with the production of fresh produce, tree nuts, and livestock products; (3) assessment of the economic benefits and costs of various pesticide use levels, nonchemical alternatives, and low-input production systems; (4) economic analyses of food-safety-related regulatory issues and options, Government policies, and consumer perceptions; (5) staff support for USDA program managers operating current and expanded regulatory programs; and (6) monitoring and analyses of the economic effects of strategies for dealing with food safety issues, including food safety concerns.

- (c) An increase of \$1,000,000 to collect data on farm chemical use and to analyze approaches to improved water quality (\$3,700,000 available in FY 1991).

Need for Change. This increase would allow ERS to expand water-quality-related data collection and economic and policy analysis in response to the needs of USDA and other Federal agencies for research, education, technical assistance, and pesticide benefit-cost and risk assessments. While the FY 1990 budget increase reestablished ERS's capabilities to conduct periodic, national pesticide use surveys, the data will only be statistically reliable at the State level if State governments supplement the survey funding.

It will also allow ERS to provide increased analytical support for water quality programs consistent with the Department's Water Quality Initiative. ERS will assess the relative economic advantages of

alternative voluntary approaches to increased water quality protection. ERS will also evaluate the economic feasibility of new technologies and practices under development by ARS CSRS, and the States and support USDA Geographical Information System development efforts by providing pesticide use information by area.

Nature of Change. A portion of this initiative would be employed to guarantee that agricultural input data are statistically reliable at the watershed level in the States covered by USDA's Midwest (Water Quality) Initiative, and that data on agricultural chemical use and related practices on major field crops are collected with adequate frequency. These refinements are required to ensure that the data meet interagency water quality research needs and are sufficient to provide adequate information on agricultural chemical use characteristics.

- (d) An increase of \$1,650,000 for study of global change (\$0 available in FY 1991).

Need for Change. This increase of \$1,650,000 is part of the governmentwide Global Change Initiative. Of the total amount, \$500,000 is requested for a study of farm sector response and \$1,150,000 are designated for research projects or cooperative agreements with universities. The objective of this initiative is to expand the capability to respond to global, long-term resource and environmental issues by examining the economic links of agricultural production to climate, water, and soil resources. This initiative is the economic companion to the USDA proposal supporting the Administration's Global Change Research Initiative coordinated under the Committee on Earth and Environmental Science.

Nature of Change. Several aspects of global resources and global climate change research would be pursued under the proposal:

Farm Sector Response to Global Change: The work proposed here will develop a model that evaluates farmer response to global change, including: (1) changes in the crops produced; (2) shifts in the growing season; (3) better use of existing technologies; and (4) possible changes in technology that could help farmers respond to global change.

Improve Forecast Models and Analysis: Economic analysis of long-term global resource issues requires unique models and techniques. This effort would improve and develop models better able to assess resource and environmental issues in the setting of an open agricultural economy where resource and environmental efforts are global.

- (e) An increase of \$329,000 for program evaluations (\$0 available in FY 1991).

Need for Change. This increase of \$329,000 is needed to measure the effectiveness of many current agriculture programs to provide information to help ensure that the maximum benefits are derived from available dollars.

Nature of Change. Increased funds for program evaluations will provide resources to evaluate specific priority programs and issues, such as federal crop insurance evaluations and promotion of U.S. agricultural exports. This work will be targeted to specific program issues as they are identified and will be in addition to the ongoing ERS research and analysis which provides information about the overall economic impact of agricultural programs.

ECONOMIC RESEARCH SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	10,880	---	32,200	---	32,200	---
Arkansas.....	---	---	35,000	---	35,000	---
California.....	70,200	---	30,000	---	30,000	---
Colorado.....	57,800	---	143,900	---	143,900	---
Connecticut.....	1,000	---	---	---	---	---
Delaware.....	56,450	---	6,000	---	6,000	---
District of Columbia	49,346,162	759	53,593,000	815	61,672,000	832
Florida.....	19,608	---	67,300	---	67,300	---
Georgia.....	15,000	---	15,000	---	15,000	---
Illinois.....	60,800	---	18,700	---	18,700	---
Indiana.....	82,159	---	143,300	---	143,300	---
Iowa.....	58,758	---	50,000	---	50,000	---
Kansas.....	10,000	---	---	---	---	---
Kentucky.....	75,000	---	---	---	---	---
Maine.....	10,000	---	---	---	---	---
Maryland.....	62,000	---	17,000	---	17,000	---
Massachusetts.....	23,000	---	---	---	---	---
Michigan.....	21,000	---	5,000	---	5,000	---
Minnesota.....	79,670	---	20,000	---	20,000	---
Missouri.....	10,000	---	32,300	---	32,300	---
Montana.....	7,500	---	---	---	---	---
New Jersey.....	28,146	---	---	---	---	---
New York.....	185 850	---	20,600	---	20,600	---
North Carolina.....	25,137	---	58,500	---	58,500	---
North Dakota.....	55,000	---	---	---	---	---
Ohio.....	25,500	---	---	---	---	---
Oklahoma.....	83,000	---	---	---	---	---
Pennsylvania.....	20,000	---	6,200	---	6,200	---
Texas.....	52,830	---	20,000	---	20,000	---
Washington.....	55,800	---	50,000	---	50,000	---
West Virginia.....	---	---	36,000	---	36,000	---
Wisconsin.....	<u>26,000</u>	---	<u>---</u>	---	<u>---</u>	---
Subtotal, Available or Estimate.....	50,634,250	759	54,400,000	815	62,479,000	832
Unobligated balance	<u>54,750</u>	---	<u>---</u>	---	<u>---</u>	---
Total, Available or Estimate.....	<u>50,689,000</u>	<u>759</u>	<u>54,400,000</u>	<u>815</u>	<u>62,479,000</u>	<u>832</u>

NATIONAL AGRICULTURAL STATISTICS SERVICE

Purpose Statement

The National Agricultural Statistics Service (NASS) was reestablished as a separate agency in the USDA on September 30, 1981. The primary responsibilities of NASS are the development and issuance of national and State agricultural statistics and the conduct of statistical research as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS programs are conducted in the following major areas:

1. Crop and Livestock Estimates. This area includes the conducting of mail, enumerative and objective measurement surveys; summarizing and analyzing survey data; developing estimates of production, supply, price and other aspects of the agricultural economy; preparation and issuance of the official USDA national and State estimates and reports relating to acreages, types, and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.
2. Statistical Research and Service. This area includes the research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.
3. Work performed for Others. Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support, and technical assistance programs abroad under participating agency service agreements.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., with a large part of the agricultural statistics program carried out through 45 State Statistical Offices serving the 50 States. Most State Statistical Offices are operated as joint State and Federal services through cooperative arrangements with various State agencies. As of September 30, 1990, the Service had 976 full-time permanent employees and 94 part-time employees, including 349 permanent full-time and 49 part-time employees located in Washington, D.C.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
National Agricultural Statistics Service ...	\$66,879,436:	935:	\$76,465,000:	1,013:	\$86,866,000:	1,057
<u>Obligations under other:</u>						
<u>appropriations:</u>						
Agricultural Coopera-						
tive Service for						
data processing and						
consulting services..	75,000:	--:	35,000:	--:	35,000:	--
Agricultural Market-						
ing Service for con-						
sulting services and:						
data on milk prices..	56,000:	1:	101,000:	1:	101,000:	1
Animal and Plant						
Health Inspection						
Service for animal						
health monitoring						
system	420,000:	6:	404,000:	5:	404,000:	5
Agricultural Stabili-						
zation and Conserva-						
tion Service (CCC)						
for data on feed						
grains	100,260:	1:	100,000:	1:	100,000:	1
Economic Research						
Service for data on						
cropping practices,						
farm costs and re-						
turns, farm and						
rural land markets,						
land transfer, land						
values, farm real						
estate taxes and						
water quality	4,454,000:	62:	5,169,000:	71:	5,169,000:	69
Extension Service						
for printing	4,999:	--:	--:	--:	--:	--
Foreign Agricultural						
Service for data						
on sugar	66,000:	1:	68,000:	1:	68,000:	1
Federal Crop Insur-						
ance Corporation for:						
acreage and yield						
production data on						
insured crops	575,000:	8:	595,000:	8:	595,000:	8
Forest Service for						
data on grazing fees:	35,000:	--:	35,000:	--:	35,000:	--
Human Nutrition						
Information Service						
for consulting						
services	100,000:	1:	100,000:	1:	100,000:	1
Office of Personnel						
for Personnel detail:	15,422:	--:	--:	--:	--:	--
Soil Conservation						
Service for liaison						
work with 1890						
colleges	--:	--:	127,000:	--:	127,000:	--
World Agricultural						
Outlook Board for						
grain report and						
lockup support	6,373:	--:	7,000:	--:	7,000:	--

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Total, Other USDA Appropriations	5,908,054:	80:	6,741,000:	88:	6,741,000:	86
Total, Agriculture Appropriations	72,787,490:	1,015:	83,206,000:	1,101:	93,607,000:	1,143
<u>Other Federal Funds:</u>						
Environmental Pro-						
Agency for data on						
agroecosystems and						
and water quality ..	20,000:	--:	25,000:	--:	1,025,000:	2
Interior, Department						
of, for data on						
grazing fees	35,000:	--:	35,000:	--:	35,000:	--
Labor, Department of,						
for assistance in						
research on computer:						
assisted telephone						
interview tech-						
niques, and for data:						
on seasonal agri-						
cultural workers ...	476,385:	--:	315,000:	--:	315,000:	--
Office of Interna-						
tional Cooperation						
and Development						
(from AID) for						
training, technical						
assistance, and						
equipment	891,591:	11:	684,000:	8:	684,000:	8
Total, Other Federal						
Funds	1,422,976:	11:	1,059,000:	8:	2,059,000:	10
<u>Non-Federal Funds:</u>						
State Agencies for						
survey work	1,808,975:	25:	1,500,000:	20:	1,500,000:	20
Miscellaneous Con-						
tributed Funds for						
distribution of crop:						
releases and data						
tapes and for data						
on apples, hops,						
malting barley,						
milk, oats, nutrient:						
analysis, soybeans						
turfgrass, water						
and wheat	272,359:	2:	250,000:	2:	250,000:	2
Total, Non-Federal						
Funds	2,081,334:	27:	1,750,000:	22:	1,750,000:	22
Total, National Agri-						
cultural Statistics						
Service	76,291,800:	1,053:	86,015,000:	1,131:	97,416,000:	1,175

Full-time Equivalent Staff-Years:	1991 Actual	1991 Estimated	1992 Estimated
Ceiling	1,053	1,131	1,175
Non-ceiling	<u>1</u>	<u>2</u>	<u>2</u>
Total	<u>1,054</u>	<u>1,133</u>	<u>1,177</u>

NATIONAL AGRICULTURAL STATISTICS SERVICE

Permanent Positions by Grade and Staff-Year Summary1990 and Estimated 1991 and 1992

Grade	FY 1990			FY 1991			FY 1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5.....	1	--	1	1	--	1	1	--	1
ES-4.....	5	--	5	5	--	5	5	--	5
ES-3.....	--	--	--	--	--	--	1	--	1
ES-2.....	1	--	1	2	--	2	1	1	2
ES-1.....	1	--	1	--	--	--	1	--	1
GS/GM-15...	18	13	31	18	13	31	20	13	33
GS/GM-14...	42	39	81	44	41	85	44	43	87
GS/GM-13...	106	68	174	110	70	180	115	72	187
GS-12.....	28	101	129	30	103	133	30	106	136
GS-11.....	15	50	65	19	53	72	22	56	78
GS-10.....	1	--	1	1	--	1	1	--	1
GS-9.....	15	64	79	15	80	95	16	85	101
GS-8.....	16	2	18	16	2	18	18	2	20
GS-7.....	27	66	93	27	88	115	30	96	126
GS-6.....	29	84	113	31	92	123	32	92	124
GS-5.....	26	82	108	28	85	113	28	87	115
GS-4.....	14	45	59	15	46	61	15	46	61
GS-3.....	3	12	15	3	12	15	3	12	15
Other Graded Positions...	--	4	4	--	4	4	--	4	4
Total Permanent Positions...	348	630	978	365	689	1,054	383	715	1,098
Unfilled Positions end-of-year...	-2	--	-2	--	--	--	--	--	--
Total, Permanent Employment, end-of-year...	346	630	976	365	689	1,054	383	715	1,098
Staff-Years: Ceiling.....	390	663	1,053	401	730	1,131	416	759	1,175
Non-Ceiling...	--	1	1	1	1	2	1	1	2
TOTAL.....	390	664	1,054	402	731	1,133	417	760	1,177

NATIONAL AGRICULTURAL STATISTICS SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	13,940,039	16,081,000	17,407,000
Field	17,859,478	19,759,000	21,805,000
11 Total personnel compensation	31,799,517	35,840,000	39,212,000
12 Personnel benefits ...	6,275,141	7,477,000	7,992,000
13 Benefits for former personnel.....	<u>6,162</u>	<u>8,000</u>	<u>8,000</u>
Total Pers. Comp. & Benefits.....	<u>38,080,820</u>	<u>43,325,000</u>	<u>47,212,000</u>
Other Objects:			
21 Travel	1,206,892	1,481,000	1,649,000
22 Transportation of things	347,842	378,000	421,000
23.3 Communications, utilities, and misc. charges	2,940,701	3,193,000	3,554,000
24 Printing and reproduction	443,134	453,000	503,000
25 Other services	19,798,120	22,844,000	26,895,000
26 Supplies and materials	1,147,274	1,298,000	1,444,000
31 Equipment	2,831,873	3,493,000	5,188,000
43 Interest and dividends	<u>1,059</u>	<u>--</u>	<u>--</u>
Total other objects	<u>28,716,895</u>	<u>33,140,000</u>	<u>39,654,000</u>
Total direct obligations ...	<u>66,797,715</u>	<u>76,465,000</u>	<u>86,866,000</u>
Position Data:			
Average Salary, ES positions	\$77,875	\$98,688	\$101,262
Average Salary, GM/GS positions	\$32,572	\$33,231	\$34,596
Average Grade, GM/GS positions	9.5	9.4	9.4

NATIONAL AGRICULTURAL STATISTICS SERVICE

The estimates include appropriation language for this item as follows
(new language underscored: deleted matter enclosed in brackets):

NATIONAL AGRICULTURAL STATISTICS SERVICE:

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, [\$76,451,000] \$86,866,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations Act, 1991	\$76,451,000
Budget Estimate, 1992	<u>86,866,000</u>

Increase in Appropriation	+ <u>10,415,000</u>
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Adjustments in 1991:

Appropriation Act, 1991	\$76,451,000
GSA Space Transfer a/.....	<u>14,000</u>

Adjusted base for 1991	76,465,000
Budget estimate, 1992	<u>86,866,000</u>

Increase over adjusted 1991	<u>10,401,000</u>
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a/ The transfer from Departmental Administration is due to the transfer of the Alaska State Statistical Office from GSA office space to that of the State of Alaska. On a comparable basis the cost is \$14,000 for FY 1991 and \$14,000 for FY 1992.

SUMMARY OF INCREASES

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Improved Food Safety Statistics.....	\$3,500,000	--	+\$2,500,000	\$6,000,000
Improved Sampling Frames for Agriculture	5,268,000	--	+ 1,850,000	7,118,000
Improved Specialty Commodity Coverage	3,162,000	--	+ 1,000,000	4,162,000
FTS 2000	--	--	+ 1,300,000	1,300,000
Restricted Use Pesticide Data	--	--	+ 1,000,000	1,000,000
Cotton Ginnings	--	--	+ 315,000	315,000
All Other	<u>64,535,000</u>	<u>+\$2,436,000</u>	<u>--</u>	<u>66,971,000</u>
Total Available	<u>76,465,000</u>	<u>+ 2,436,000</u>	<u>+ 7,965,000</u>	<u>86,866,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1990 Actual		1991 Estimated			1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase or Decrease	Amount	Staff-Years
1. Crop and Live-stock Estimates	\$64,011,715	892	\$73,545,000	970	+\$10,307,000	\$83,852,000	1,014
2. Statistical Research and Service	2,786,000	43	2,920,000	43	+94,000	3,014,000	43
Unobligated balance	81,721	--	--	--	--	--	--
Total available or estimate	66,879,436	935	76,465,000	1,013	+ 10,401,000	86,866,000	1,057
Transfer from Departmental Administration	-3,436	--	-14,000	--			
Transfer to Economic Research Service for Aquaculture	100,000	--	--	--			
Total Appropriation	66,976,000	935	76,451,000	1,013			

EXPLANATION OF PROGRAM

The National Agricultural Statistics Service has two major activities, authorized by the Agricultural Marketing Act of 1946, as follows:

- Crop and Livestock Estimates - Agricultural production and marketing data are collected, summarized, analyzed, and published for a wide range of items including: inventories and production of hogs, cattle, sheep and wool, goats, catfish, trout, poultry, eggs, and dairy products; prices paid for commodities and services, and related indexes; cold storage supplies, and related areas of the agricultural economy. Estimates for about 120 crops and 45 livestock items are published in about 300 Federal reports each year. All information is made available to the public news media at scheduled release times.
- Statistical Research and Service - Research is conducted to improve the statistical methods and techniques used in developing agricultural statistics. This research is directed toward better sampling, yield forecasting, and survey techniques. Consulting services in the areas of survey methodology, statistical methodology, and remote sensing technology are provided both gratis and on a reimbursable basis.

OIG Reports:

USDA, OIG Audit Report No. 2660-1-At, September 1990, "Review of Data Used to Determine Deficiency Payment Rates for Upland Cotton" (Final Report).

JUSTIFICATION OF INCREASES

(1) An increase of \$10,307,000 for crop and livestock estimates consisting of:

(a) An increase of \$2,342,000 for pay costs: \$446,000 for absorbed FY 1991 pay costs and \$1,896,000 for FY 1992 pay costs.

(b) An increase of \$2,500,000 for Improved Food Safety Statistics (\$3,500,000 available in 1991).

Need for Change. A critical component of the President's Food Safety Initiative identifies the need for reliable statistics relating to pesticide use for food crops. Work was initiated during FY 1991 to fill this void when NASS conducted a major survey in five States regarding chemical use on vegetables. The additional funding will make it possible for NASS to meet pesticide usage data needs to focus on commodities that are targeted by the Agricultural Marketing Service as part of its Food Residue Testing Program.

Nature of Change. Surveys conducted on fruit and nut commodities and vegetable commodities are planned in alternating years. This increase will allow NASS to conduct a vegetable chemical use survey in all major producing States in 1992. The 1992 level of funding also would allow NASS to expand chemical use survey coverage to include all major fruit and nut producing States in 1993. In addition, surveys to collect chemical use data on food grains would be expanded in 1992. These surveys will be coordinated with other food safety and water quality surveys and will help meet the requirements of the Food, Agriculture, Conservation, and Trade Act of 1990 for data on restricted use pesticides. NASS will coordinate data needs with the Environmental Protection Agency (EPA), Food and Drug Administration, National Oceanic and Atmospheric Administration, U.S. Geological Surveys, Tennessee Valley Authority, and others.

(c) An increase of \$1,850,000 for Improved Sampling Frame for Agriculture (\$5,268,000 available in 1991).

Need for Change. Proper, efficient survey design requires survey samples from quality sampling frames. The Presidential Economic Statistics Initiative responds to this need. This initiative builds upon improvements requested in the FY 1991 budget. Funds will be used to expand the NASS farm list and for area frame improvements in support of the U.S. Department of Commerce's 1992 Census of Agriculture and the U.S. Department of Agriculture's (USDA) agricultural statistics program.

Nature of Change. The census mailing lists developed for the Census of Agriculture cover only about 85 percent of actual farms and include a large number of nonfarms. This results in undercoverage of small farms and double counting of others. NASS has built a smaller list that is more accurate but is still incomplete. NASS sampling frame coverage would be made more comprehensive by acquiring additional lists from new sources, by having field enumerators active in targeted areas to locate operators not currently on the list, and by enhancing the NASS area frame to better measure the incompleteness of the list of farms. Frame coverage would be made more complete for commercial farms and for various types of farms for which the current list is

considered to be the most incomplete. Maintenance procedures would also be improved in order to eliminate nonfarms from the frame and reduce within-list duplication, which can be a source of serious statistical bias. Improvements also would be made in the NASS area frame, a sampling frame accounting for every acre in the continental U.S., permitting better list frame evaluation for both the NASS program of current agricultural statistics and the 1992 Census of Agriculture.

- (d) An increase of \$1,000,000 for Improved Specialty Commodity Coverage (\$3,162,000 available in 1991).

Need for Change. Additional specialty commodity statistical program coverage is needed by USDA agencies, industry, and congressional offices as evidenced by frequent information requests. Specialty commodities (including vegetables and melons, fruits and tree nuts, horticultural specialties, seeds such as forage, turf, and vegetable seeds, miscellaneous field crops, and animal specialties such as aquaculture) account for over 20 percent of total agricultural cash receipts. Fourteen States have specialty commodity cash receipts exceeding \$500 million. Cash receipts for these commodities account for more than 25 percent of total cash receipts in 18 States, ranging from 26 percent of the total in Kentucky to 96 percent of the total in Hawaii. Both at the national and State level, the USDA has had difficulty answering data requests on specialty commodities. A recent example is the December 1990 freeze in California that severely damaged many specialty commodities. Without an ongoing statistical base it is practically impossible to estimate losses or to equitably administer a disaster relief program.

Nature of Change. NASS will add 25 additional fresh market and 3 additional processing vegetables to the current estimating program for States with the greatest specialty commodity production. The value of production of these 28 vegetables is in excess of \$1.5 billion. Expansion would include coverage for artichokes, green beans, brussel sprouts, cabbage, cucumbers, eggplant, escarole/endive, garlic, green peppers, spinach, cantaloupes, watermelons, lima beans, and beets. Several smaller crops, such as squash and radishes, would also be added to the estimating program.

Tree and vine inventory surveys for fruits and tree nuts will be added in major production States on a 3- to 5-year rotational basis. Statistics on tree and vine numbers are not available for many States on a current, systematic basis. Accurate tree and vine numbers would provide the solid foundation needed for reliable production estimates.

- (e) An increase of \$1,300,000 for FTS 2000 (\$0 available in 1991).

Need for Change. There is a need for NASS to convert its data communications to FTS 2000 as mandated by the General Services Administration. NASS relies on high speed data communications between its offices and to main frame computers provided by Martin Marietta. This increase will allow NASS to continue access to such high speed data transmission through the new FTS 2000 state-of-the-art system.

Nature of Change. NASS will acquire through the FTS 2000 contract the ability to use the Integrated Switch Digital Network which is considered the most functional and economical data communication network available. This increase will cover various pieces of equipment necessary to link with the network. This is a 1-year up-front cost which is estimated to both save money and provide better service in the long run.

- (d) An increase of \$1,000,000 for restricted use pesticide data (\$0 available in 1991).

Need for Change. Section 1491 of the Food, Agriculture, Conservation, and Trade Act of 1990 requires all certified applicators of restricted use pesticides to maintain records of usage. This section also requires that a survey of the applicators be conducted and that a published report on agricultural and nonagricultural pesticides be made available to Congress by April 1 of each year. Restricted use pesticide data will need to be collected for livestock, seed treatments, forestry, and other certified categories. Nonagricultural pesticide use data will also have to be collected.

Nature of Change. This increase will fund start-up costs for developing a program to collect chemical use data for commodities not currently covered by the food safety and water quality surveys. NASS and EPA will begin compiling lists of applicators and developing a survey program to satisfy the requirement of Section 1491.

- (c) An increase of \$315,000 for Cotton Ginnings (\$0 available in 1991).

Need for Change. The Report of Cotton Ginned is an important data source for forecasting cotton production during the harvest season and is the best source of final production totals, particularly of county level data. The Secretary of Agriculture is required by law to publish these data. The responsibility for the data collection necessary to produce the report is being shifted in 1992 from the Bureau of the Census, in the Department of Commerce, to NASS.

Nature of Change. NASS will collect the data on cotton ginned in time for publication with monthly Crop Production reports, beginning in October of each year. The Agency will also complete a final summary of county data at the end of the ginning season, generally in March of the following year.

- (2) An increase of \$94,000 for statistical research and service consisting of:

- (a) An increase of \$94,000 for pay costs: \$18,000 for absorbed FY 1991 pay costs and \$76,000 for FY 1992 pay costs.

NATIONAL AGRICULTURAL STATISTICS SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	\$663,281	12	\$759,000	14	\$862,000	15
Alaska.....	111,830	2	128,000	2	143,000	2
Arizona.....	558,779	9	640,000	10	747,000	10
Arkansas.....	1,061,174	16	1,215,000	17	1,379,000	18
California.....	3,023,148	29	3,452,000	37	4,032,000	39
Colorado.....	889,867	15	1,019,000	16	1,140,000	17
Delaware.....	85,443	1	97,000	1	109,000	1
District of Columbia.....	25,432,207	345	28,705,000	356	32,531,000	371
Florida.....	1,195,471	17	1,368,000	19	1,575,000	20
Georgia.....	977,627	14	1,120,000	15	1,308,000	16
Hawaii.....	378,297	7	433,000	8	484,000	8
Idaho.....	877,237	14	1,000,000	15	1,119,000	16
Illinois.....	1,373,274	17	1,572,000	18	1,759,000	19
Indiana.....	1,099,076	15	1,258,000	16	1,447,000	17
Iowa.....	1,426,969	16	1,634,000	17	1,828,000	18
Kansas.....	1,272,042	17	1,456,000	19	1,629,000	20
Kentucky.....	891,803	13	1,021,000	14	1,142,000	14
Louisiana.....	802,976	11	919,000	12	1,043,000	12
Maryland.....	653,536	10	764,000	10	855,000	10
Michigan.....	1,249,846	18	1,441,000	18	1,658,000	19
Minnesota.....	1,316,132	17	1,507,000	19	1,686,000	20
Mississippi....	1,057,435	13	1,210,000	15	1,413,000	16
Missouri.....	1,176,432	16	1,346,000	18	1,506,000	19
Montana.....	661,098	11	757,000	12	847,000	12
Nebraska.....	1,146,385	17	1,312,000	20	1,468,000	21
Nevada.....	196,225	4	224,000	4	251,000	4
New Hampshire..	726,286	12	831,000	14	930,000	14
New Jersey.....	549,438	11	628,000	11	723,000	11
New Mexico.....	495,122	8	562,000	9	638,000	9
New York.....	1,156,921	14	1,325,000	16	1,524,000	17
North Carolina.	1,168,263	16	1,337,000	19	1,561,000	20
North Dakota...	846,561	14	970,000	15	1,085,000	16
Ohio.....	1,122,349	16	1,510,000	21	1,714,000	22
Oklahoma.....	847,806	13	971,000	14	1,102,000	15
Oregon.....	802,059	12	918,000	14	1,027,000	15
Pennsylvania...	832,796	14	954,000	15	1,097,000	16
South Carolina.	624,567	11	715,000	11	835,000	11
South Dakota...	820,781	13	940,000	14	1,052,000	15
Tennessee.....	987,233	12	1,130,000	14	1,283,000	15
Texas.....	2,300,241	28	2,674,000	31	3,123,000	32
Utah.....	438,950	8	503,000	8	563,000	8
Virginia.....	705,954	12	940,000	13	1,068,000	13
Washington.....	825,982	13	946,000	15	1,058,000	16
West Virginia..	401,988	7	460,000	9	515,000	9
Wisconsin.....	1,079,290	16	1,235,000	19	1,382,000	20
Wyoming.....	487,538	9	559,000	9	625,000	9
Subtotal Available or Estimate.....	66,797,715	935	76,465,000	1,013	86,866,000	1,057
Unobligated Balance.....	81,721	--	--	--	--	--
Total, Available or Estimate...	66,879,436	935	76,465,000	1,013	86,866,000	1,057

PASSENGER MOTOR VEHICLES

The 1992 Budget Estimates propose the replacement of 3 passenger motor vehicles.

The passenger motor vehicles of the National Agricultural Statistics Service are used (where common carrier or GSA vehicles are not feasible) for necessary field travel in carrying out the mission of the agency. All passenger motor vehicles are located at various field offices.

Replacement of passenger motor vehicles. Replacement of 3 of the 14 vehicles now in operation is proposed. These 14 vehicles are located in 13 field locations and are necessary to meet the transportation requirements inherent in carrying out the agency's program. The vehicles proposed to be replaced will have passed the minimum replacement standards of 6 years of age or 60,000 miles prescribed by the General Services Administration.

Age and mileage data for motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985 or older	6	43	80-100	0	0
1986	1	7	60-80	3	21
1988	3	21	40-60	4	29
1989	4	29	20-40	3	21
1990	--	--	Under 20	4	29
Total	<u>14</u>	<u>100</u>	Total	<u>14</u>	<u>100</u>

WORLD AGRICULTURAL OUTLOOK BOARD

Purpose Statement

The World Agriculture Outlook Board (WAOB) was created by the Secretary of Agriculture on June 3, 1977, under the authority of the Reorganization Plan No. 2 of 1953. The WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB's primary objective is to improve the consistency, objectivity and reliability of outlook and situation material developed in the Department.

WAOB functions include: information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; and coordination of weather, climate and remote sensing activities.

The WAOB is located in Washington, D.C. As of September 30, 1990, there were 27 full-time employees. Budget, personnel, administrative and general managerial support are provided by the Economics Management Staff.

WORLD AGRICULTURAL OUTLOOK BOARD

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
World Agricultural Outlook Board	\$1,910,000:	27	\$2,196,000:	32	\$2,520,000:	34
<u>Obligations under</u>						
<u>Other USDA</u>						
<u>appropriations:</u>						
Agricultural Research:						
Service for Annual Outlook Conference...	1,000:	--	1,000:	--	1,000:	--
Agricultural Stabilization and Conservation Service for Annual Outlook Conference	3,000:	--	3,000:	--	3,000:	--
Economic Research Service for Annual Outlook Conference...	20,969:	--	24,000:	--	24,000:	--
Extension Service for Annual Outlook Conference	11,047:	--	13,000:	--	13,000:	--
Farmers Home Admin. for Annual Outlook Conference	3,000:	--	3,000:	--	3,000:	--
Foreign Agricultural Service for Annual Outlook Conference ...	8,924:	--	10,000:	--	10,000:	--
Office of Personnel for personnel detail.	654:	--	--	--	--	--
Total, Other USDA Appropriations	48,594:	0	54,000:	0	54,000:	0
Total, Agriculture Appropriations	1,958,594:	27	2,250,000:	32	2,574,000:	34
<u>Other Federal Funds:</u>						
National Oceanic and Atmospheric Admin., USDC for publication costs	--	--	2,000:	--	2,000:	--
Total, Other Federal Funds	--	--	2,000:	--	2,000:	--
Total, World Agricultural Outlook Board	1,958,594:	27	2,252,000:	32	2,576,000:	34
Full-Time Equivalent Staff-Years:	1990 Actual		1991 Estimated		1992 Estimated	
Ceiling	27		32		34	
Non-Ceiling	0		0		0	
Total	27		32		34	

WORLD AGRICULTURAL OUTLOOK BOARD
Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

Grade	1990 Headquarters	1991 Headquarters	1992 Headquarters
ES-4	2	2	2
GS/GM-15	10	10	11
GS/GM-14	2	2	2
GS/GM-13	5	5	5
GS-12	3	4	4
GS-11	2	1	2
GS-10	1	1	1
GS-9	4	4	4
GS-7	2	3	3
GS-5	1	--	--
Total Permanent Positions	32	32	34
Unfilled Positions end-of-year	5	5	5
Total, Permanent Employment, end of-year	27	27	29
Staff-Years: Ceiling	27	32	34
Non-Ceiling	--	--	--
Total	27	32	34

WORLD AGRICULTURAL OUTLOOK BOARD

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$1,308,440	\$1,507,000	\$1,678,000
Field	<u>- -</u>	<u>- -</u>	<u>- -</u>
11 Total personnel compensation	1,308,440	1,507,000	1,678,000
12 Personnel benefits	<u>184,348</u>	<u>227,000</u>	<u>282,000</u>
Total pers. comp. & benefits	1,492,788	1,734,000	1,960,000
Other Objects:			
21 Travel	30,247	38,000	40,000
22 Transportation of things	220	- -	- -
23.3 Communications, utilities, and misc. charges	61,983	75,000	78,000
24 Printing and reproduction	30,489	29,000	30,000
25 Other services	162,422	198,000	232,000
26 Supplies and materials	32,610	27,000	28,000
31 Equipment	87,748	95,000	152,000
43 Interest and dividends	<u>116</u>	<u>- -</u>	<u>- -</u>
Total other objects	<u>405,835</u>	<u>462,000</u>	<u>560,000</u>
Total direct obligations ...	<u>1,898,623</u>	<u>2,196,000</u>	<u>2,520,000</u>
Position Data:			
Average Salary, ES positions	\$79,200	\$100,500	\$100,500
Average Salary, GM/GS positions	\$49,357	\$52,240	\$54,434
Average Grade, GM/GS positions	12.32	12.40	12.44

WORLD AGRICULTURAL OUTLOOK BOARD

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

World Agricultural Outlook Board:

For necessary expenses of the World Agricultural Outlook Board to coordinate and review all commodity and aggregate agricultural and food data used to develop outlook and situation material within the Department of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [2,196,000] \$2,520,000:
Provided, That this appropriation shall be made available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

WORLD AGRICULTURAL OUTLOOK BOARD

Appropriations Act, 1991.....	\$2,196,000
Budget Estimate, 1992	<u>2,520,000</u>
Increase in Appropriation	<u>+324,000</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Quality Control Program for USDA Economic Forecasts	- -	- -	+\$60,000	\$60,000
Global Agronomic Data Base	- -	- -	+40,000	40,000
ADP Systems and Commodity Analysis ...	- -	- -	+53,000	53,000
Workers' Compensation Claim	- -	- -	+26,000	26,000
All Other	\$2,196,000	+\$145,000	- -	2,341,000
Total Available	<u>2,196,000</u>	<u>+145,000</u>	<u>+179,000</u>	<u>2,520,000</u>

PROJECT STATEMENT
(On basis of appropriation)

	<u>1990 Actual</u>		<u>1991 Estimated</u>			<u>1992 Estimated</u>	
		<u>Staff-</u>		<u>Staff-</u>			<u>Staff-</u>
<u>Project</u>	<u>Amount</u>	<u>Years</u>	<u>Amount</u>	<u>Years</u>	<u>Increase</u>	<u>Amount</u>	<u>Years</u>
1. Commodity and:							
Aggregate :							
Agricultural:							
and Food :							
Outlook and :							
Situation...:	\$1,898,623:	27	\$2,196,000:	32	+\$324,000:	\$2,520,000:	34
Unobligated :							
balance	11,377:	--	--	--	--	--	--
Total, :							
Appropriation ..:	1,910,000:	27	2,196,000:	32	+324,000:	2,520,000:	34

EXPLANATION OF PROGRAM

The World Agricultural Outlook Board (WAOB) coordinates and reviews for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the U.S. Department of Agriculture. The WAOB provides a focal point for the Nation's economic intelligence relative to domestic and international food and agriculture, with two primary objectives: improving the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public; and integrating and coordinating USDA domestic and international economic information assistance. In a cooperative effort with the National Oceanic and Atmospheric Administration, the WAOB operates the Joint Agricultural Weather Facility which provides a daily review of significant weather developments around the world and their implications for agriculture. The WAOB's functions include market surveillance; coordination of assessments of international and domestic agricultural developments; weather, climate and remote sensing coordination; and forecasting techniques and information dissemination.

JUSTIFICATION OF INCREASES

(1) An increase of \$324,000 as follows:(a) An increase of \$60,000 for a quality control program for USDA economic forecasts (\$0 available in 1991.)

Need for Change. Additional funds are needed to establish a quality control program for USDA economic forecasts. In response to a 1988 recommendation by the General Accounting Office (GAO), the Secretary of Agriculture designated the World Agricultural Outlook Board (WAOB) as the lead agency for managing USDA's economic forecasting program and establishing a forecast quality control program. In April 1990, GAO reported to Congress that USDA still had not systematically attempted to identify sources of forecasting errors. The purpose of this initiative is to provide the Board with staff and funding to quantify the reliability of USDA forecasts, test the hypothesis that USDA forecasts have improved in accuracy and develop recommendations for improved forecasting methodologies and procedures.

Nature of Change. The Board proposes to establish a "Forecast Evaluation Coordinator" position for the purpose of monitoring and evaluating USDA estimates, forecasts and projections. As an independent analyst without direct responsibility for developing commodity estimates, the coordinator would subject all Interagency Commodity Estimates Committee (ICEC) forecasts to unbiased review. The coordinator would develop an analytical forecasting performance record on a continuous basis. Periodically, the coordinator will convene a committee comprised of the ICEC chairpersons and representatives from participating USDA agencies for the purpose of reviewing evaluation results and suggesting improved methodologies. As an adjunct to this responsibility, the coordinator would research, install and execute economic models from various sources for the purpose of comparing and contrasting model results with USDA estimates and forecasts. Implementing models from alternating sources entails purchase of the model and related consulting services and software packages.

(b) An increase of \$40,000 for expansion of USDA's Global Agronomic Data Base (\$0 available in 1991.)

Need for Change. Funding is needed to improve the Department's agronomic data base. Cropping patterns and cultural practices around the world are continually changing in response to weather, technological and economic factors. Aided by computers, USDA's agricultural meteorologists have the capability to produce detailed sub-country regional yield forecasts by focusing on smaller geographic areas. While the ability to process more information exists, USDA forecasters have been limited by deficiencies in the Department's global agricultural data base. Additional resources are needed to update, expand and refine the agronomic and weather information readily available to USDA crop analysts.

Nature of Change. Agronomic data including updated crop production will be collected and stored for each important producing country and region. Weather information including temperature, precipitation and snowfall data for an expanded list of geographic locations will be collected and stored. Normal first and last freeze dates and statistics describing the probability of temperature and precipitation deviations from normal will be calculated. Global weather patterns will be analyzed for evidence of long-term change. The agronomic and weather data described above will be gathered from a variety of domestic and foreign sources. Periodically, the Joint Agricultural Weather Facility will publish this information in revisions to "Major Crop Areas and Climatic Profiles". As these data are subject to continuous revision, a permanent position is proposed for this purpose.

- (c) An increase of \$53,000 to improve ADP systems and enhance commodity analysis (\$0 available in 1991).

Need for Change. Funding is requested to provide WAOB analysts with improved analytical tools and to expedite the flow of wire service information to WAOB analysts and USDA policy-level officials through improved automation. Of the 25 micro-computer systems currently in use, 17 were purchased prior to 1987. These systems are technologically obsolete and increasingly unreliable. Limited memory space and computational capacity precludes installation of advanced software packages on these machines. In FY 1991, the Board will replace four of these units (micro-computers and printers).

USDA policy-level officials increasingly depend on the Board to continually monitor major wire service for stories significant to agriculture. Accordingly, demands placed on Board personnel for wire service information have greatly expanded. While the Board's existing wire service systems were modernized in 1988 and have built-in networking capabilities, the Board has not been funded to further automate this function. As a result, the systems have remained paper oriented and the Board is now reproducing and distributing 35,000 copies of wire service reports per month compared to 20,000 copies 3 years ago.

Nature of Change. The Board will replace four of the remaining 13 obsolete units in FY 1992.

The Board would purchase the necessary hardware to develop the networking capabilities of the systems it has in place. Electronic communications will speed the flow of current information to end-users and curtail the growth in xeroxing and copy routing which the Board is experiencing.

- (d) An increase of \$26,000 for a workers compensation claim.

Need for Change. WAOB's discretionary funding has been absorbed by past cost increases, and denial of this request would cause the WAOB to fund the compensation claim out of existing programs.

Nature of Change. As required by regulation, the requested amount is two-thirds of the claimant's estimated FY 1992 salary.

- (e) An increase of \$145,000 for pay costs: \$45,000 for FY 1991 and \$100,000 for FY 1992.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia	\$1,898,623	27	\$2,196,000	32	\$2,520,000	34
Subtotal Available or Estimate	1,898,623	27	2,196,000	32	2,520,000	34
Unobligated balance.	11,377	--	--	--	--	--
Total Available or Estimate.....	1,910,000	27	2,196,000	32	2,520,000	34

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Purpose Statement

The Office Of International Cooperation and Development (OICD) was established by Secretary's Memorandum No. 1947 of May 1, 1978. OICD was given responsibility for technical assistance, international training and development programs, management of international organizational affairs, and scientific exchanges. OICD's functions were expanded by Secretary's Memorandum No. 1988, of October 26, 1979, which delegated to the Agency authority for international cooperative research. In August 1986, OICD was provided authority to disseminate information to the U.S. private sector on foreign market and investment opportunities.

OICD's mission is to help the total U.S. Department of Agriculture, other Federal agencies, and associated institutions, industries, and organizations with global responsibilities to serve worldwide human needs by strengthening food and agricultural systems in developing countries and, at the same time, strengthen U.S. agriculture's international competitiveness and leadership through collaborative programs.

OICD's program objectives are:

- 1) To establish systems and behaviors that allow U.S. agriculture's continuing access to technology and genetic material worldwide;
- 2) To establish systems that keep U.S. agriculture scientists and institutions involved in global programs that are on the cutting edge of technology and of economic and policy debate;
- 3) To mobilize expertise to help other countries move toward strong market and trade-oriented economies, via development efforts in food and agricultural systems that increase incomes among the poor majority, expand the availability and consumption of food, and maintain or enhance the natural resource base;
- 4) To serve the interests of U.S. agriculture and citizenry through international organizations related to food and agriculture;
- 5) To link with and support the private sector and other public and private institutions in those responsibilities where they can best play the major role; and
- 6) To help other Federal agencies carry out their global missions by tapping USDA and other institutional expertise and resources.

As of September 30, 1990, there were 142 permanent full-time employees (137 in headquarters and 5 on resident assignments overseas) and 37 other employees (30 in headquarters and 7 on resident assignments overseas.)

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Available Funds and Staff-Years1990 Actual and Estimated, 1991 and 1992

	1990 Actual	Staff Years	1991 Estimated	Staff Years	1992 Estimated	Staff Years
Salaries and Expenses.....	\$6,040,644	63	\$6,879,000	67	\$6,672,000	67
Scientific Activities						
Overseas (Foreign						
Currency Research).....	875,000	--	1,062,000	--	--	--
Obligations under other						
USDA appropriations:						
Forest Service for						
Associate Prof. Officer						
Program.....	37,495	--	--	--	--	--
SCS for Scientific &						
Technical Exchanges.....	112,297	--	100,000	--	100,000	--
ARS for Admin. of						
Internat'l Research.....	581,405	--	600,000	--	600,000	--
Total, Agriculture						
Appropriations.....	7,646,841	63	8,641,000	67	7,372,000	67
Other Federal Funds:						
Agency for International						
Development, for foreign						
nationals' training and						
development assistance...	25,815,559	128	28,600,000	117	28,600,000	117
USAF and State Dept. for						
Admin. of Int'l. Resrch..	385,298	1	400,000	1	400,000	1
Total, Other						
Federal Funds.....	26,200,857	129	29,000,000	118	29,000,000	118
Non-Federal Funds:						
Contributions for USDA						
development assistance,						
training, and research						
(Spain, Venezuela, Saudi						
Arabia, international						
organizations).....	2,958,754	--	4,235,000	--	4,235,000	--
Total, Office of						
International Cooperation:						
and Development.....	36,806,452	192	41,876,000	185	40,607,000	185

Full-Time Equivalent Staff-Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling.....	192	185	185
Non-ceiling.....	10	10	10
Total.....	202	195	195

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6	1	1	2	1	1	2	1	1	2
ES-5									
ES-3									
ES-2	1		1	1		1	1		1
ES-1									
GS/GM-15	11		11	9		9	9		9
GS/GM-14	20	1	21	20	1	21	20	1	21
GS/GM-13	30		30	31		31	31		31
GS-12	14		14	15		15	15		15
GS-11	12		12	12		12	12		12
GS-9	9		9	9		9	9		9
GS-8	3		3	3		3	3		3
GS-7	27		27	27		27	27		27
GS-6	6		6	7		7	7		7
GS-5	5		5	6		6	6		6
GS-4	2		2	2		2	2		2
Other Graded Positions....	0	3	3	0	3	3	0	3	3
Total Permanent Positions....	141	5	146	143	5	148	143	5	148
Staff Years:									
Ceiling.....	182	10	192	175	10	185	175	10	185
Non-ceiling...	8	2	10	8	2	10	8	2	10
TOTAL.....	190	12	202	183	12	195	183	12	195

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

CLASSIFICATION BY OBJECTS1990 Actual and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	\$ 2,768,088	\$ 2,638,682	\$ 2,893,265
Field.....	102,969	126,671	129,928
	-----	-----	-----
11 Total personnel compensation.....	2,871,057	2,765,353	3,023,193
12 Personnel benefits....	490,093	544,259	574,407
	-----	-----	-----
Total pers. comp. & benefits.....	3,361,150	3,309,612	3,597,600
Other Objects:			
21 Travel.....	521,666	590,087	550,256
22 Transportation of things.....	42,989	50,000	43,066
23.2 Rental payments to others.....	7,412	0	0
23.3 Communications, utilities, and misc. charges.....	407,657	339,806	310,683
24 Printing and reproduction.....	52,371	43,356	37,344
25 Other services.....	1,142,013	1,550,238	1,135,257
26 Supplies and materials.....	60,896	132,721	144,316
31 Equipment.....	66,510	133,180	144,711
41 Grants.....	377,980	730,000	708,767
	-----	-----	-----
Total other objects...	2,679,494	3,569,388	3,074,400
	-----	-----	-----
Total direct obligations.....	6,040,644	6,879,000	6,672,000
	=====	=====	=====
Position Data:			
Average Salary, ES positions.....	\$80,530	\$102,600	\$102,600
Average Salary, GM/GS positions.....	\$33,555	\$34,930	\$34,930
Average Grade, GM/GS positions.....	10.8	10.8	10.8

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted language enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Office of International Cooperation and Development to coordinate, plan, and direct activities involving international development, technical assistance and training, and international scientific and technical cooperation in the Department of Agriculture, including those authorized by the Food and Agriculture Act of 1977 (7 U.S.C. 3291), [~~\$6,879,000~~] \$6,672,000: Provided, That not to exceed \$3,000 of this amount shall be available for official reception and representation expenses as authorized by U.S.C. 1766: [Provided further, That in addition, funds available to the Department of Agriculture shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds remaining available until expended:] Provided further, That the Office may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements pursuant to the agricultural food production assistance programs (7 U.S.C. 1786) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

This change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991, authorizing funds for the Associate Professional Officers program. No Associate Professional Officers will be appointed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

Appropriation Act, 1991.....	\$6,879,000
Budget Estimate, 1992.....	<u>6,672,000</u>
Decrease in Appropriation.....	<u>-207,000</u>

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Scientific Exchanges.....	\$1,858,000	+\$86,000	-\$25,000	\$1,919,000
Administration of International Research...	1,452,000	+99,000	--	1,551,000
USDA Liaison with International Organizations.....	852,000	+47,000	-225,000	674,000
Targeted Development.....	472,000	+9,000	--	481,000
Middle-Income Country Training.....	1,736,000	+9,000	-263,000	1,482,000
Operation FAST.....	<u>509,000</u>	<u>+38,000</u>	<u>+18,000</u>	<u>565,000</u>
Total Available.....	6,879,000	+288,000	-495,000	6,672,000
	=====	=====	=====	=====

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>1992 Estimated</u>		
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
1. International Scientific and Technical Cooperation:							
a. Scientific Exchanges.....	1,590,906	18	1,858,000	20	+\$61,000	1,919,000	20
b. Administration of International Research.....	1,414,916	20	1,452,000	23	+99,000	1,551,000	23
c. USDA Liaison with International Organizations.....	603,964	16	852,000	11	-178,000	674,000	11
Total. International Scientific and Technical Cooperation...	3,609,786	54	4,162,000	54	-18,000(1)	4,144,000	54
2. International Agricultural Development:							
a. Targeted Development.....	463,973	2	472,000	2	+9,000	481,000	2
b. Middle-Income Country Training...	1,472,913	2	1,736,000	2	-254,000	1,482,000	2
Total. International Agricultural Development..	1,936,886	4	2,208,000	4	-245,000(2)	1,963,000	4
3. Operation FAST.....	493,972	5	509,000	9	+56,000(3)	565,000	9
Unobligated Balance...	356		0		--	0	
Total Appropriation.....	6,041,000	63	6,879,000	67	-207,000	6,672,000	67
	=====		=====		=====	=====	

EXPLANATION OF PROGRAM

The appropriation for the Office of International Cooperation and Development is used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

International Scientific and Technical Cooperation

Scientific Exchanges. USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These activities include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. Costs are shared by OICD and participating entities.

International Research. OICD manages the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases, for increasing domestic productivity, and for reducing the threat of hunger and malnutrition overseas.

Research is undertaken through a variety of binational agreements and funding mechanisms, including the United States' treaty with Spain and the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, OICD fosters participation of U.S. land-grant colleges in research abroad.

International Organizations. OICD coordinates USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. OICD represents USDA in the organizations' planning, advances U.S. interests, protects U.S. agriculture, and organizes U.S. delegations to international agricultural conferences.

International Agricultural Development

Targeted Development. The major purpose of these programs is to help increase global consumption of nutritious food, thereby serving both a humanitarian role in target countries and a long-term market expansion role. OICD's activities include review and evaluation of P.L. 480 food aid proposals, and the coordination of the International Science and Education Council's involvement in international development. The agency's Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean.

Middle-Income Country Training Program. OICD manages this program for the training of mid-and upper-level managers from countries which no longer qualify for U.S. foreign economic assistance programs. OICD's program aims to maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

OIG Report

<u>Number</u>	<u>Date Issued</u>	<u>Description</u>
44060-1-Hy	May 9, 1990	Financial Management

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$18,000 for International Scientific and Technical Cooperation (\$4,162,000 available in FY 1991) consisting of:

- (a) An increase of \$232,000 for pay costs: \$106,720 for 1991 and \$125,280 for 1992.
- (b) A decrease of \$25,000 for exchange programs.

Need for change. Cost sharing and other efficiencies have resulted in a projected savings for FY 1992.

Nature of Change. At this level of funding, the agency plans to carry out activities at a level equivalent to that of FY 1991.

- (c) A decrease of \$225,000 for USDA Liaison with International Organizations.

Need for Change. In Fiscal Year 1991, \$225,000 was appropriated to provide for the costs of placing Associate Professional Officers with international organizations. These funds, committed in FY 1991, are sufficient to allow the APOs appointed to complete their assignments.

Nature of Change. While funds are available to allow current appointees to complete their assignments, no new APOs will be appointed in Fiscal Year 1992.

- (2) A net decrease of \$245,000 for International Agricultural Development (\$2,208,000 available in FY 1991) consisting of:

- (a) An increase of \$18,000 for pay costs: \$8,280 for 1991 and \$9,720 for 1992.
- (b) A decrease of \$263,000 for Middle-Income Country Training for participant training.

Need for Change. Efforts are being made in Fiscal Year 1991 to increase the involvement of the private sector in funding the training of program participants. It is hoped that with such involvement, the number of program participants can increase while USDA funding is kept at the FY 1990 level.

Nature of Change. Increased costs of the program will be borne by funds contributed by private sector entities cooperating with the program.

- (3) An increase of \$56,000 for Operation FAST (\$509,000 available in FY 1991) consisting of:

- (a) An increase of \$18,000 for OICD integration with USDA's Local Area Network (LAN) and other automated systems.

Need for Change. OICD's move from the McGregor Building on K Street to the USDA South Building complex necessitates increased integration with USDA's computer systems, including the Local Area Network.

Nature of Change. Additional hardware and software will be required to establish automated bridges and gateways to USDA systems and networks.

- (b) An increase of \$38,000 for pay costs: \$17,480 for FY 1991 and \$20,520 for FY 1992.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992

	1990		1991 Estimated		1992 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	\$6,040,644	63	\$6,879,000	67	\$6,672,000	67

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (deleted language enclosed in brackets).

[Scientific Activities Overseas (Foreign Currency Research Program)]

[For payments in foreign currencies owed to or owned by the United States for market development research authorized by section 104 (b)(1) and for agricultural and forestry research and other functions related thereto authorized by section 104 (b)(3) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (b)(1), (3)), \$1,062,000: Provided, that this appropriation shall be available, in addition to other appropriations for these purposes, for payment in the foregoing currencies; Provided further, that funds appropriated herein shall be used for payments in such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph; Provided further, that not to exceed \$25,000 of this appropriation shall be available in foreign currencies for expenses of employment pursuant to the second section of 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the appropriation language, since the 1992 budget proposes no additional funds for this program. Research projects already underway will continue until completed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

CLASSIFICATION BY OBJECTS1990 Actual and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters.....	--	--	--
Field.....	--	--	--
	-----	-----	-----
11 Total personnel compensation.....	--	--	--
12 Personnel benefits....	--	--	--
Total pers. comp. & benefits.....	-----	-----	-----
Other Objects:			
21 Travel.....	230,441	27,643	0
22 Transportation of things.....	9,667	1,160	0
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	1,678	201	0
24 Printing and reproduction.....	1,798	216	0
25 Other services.....	9,166,175	1,100,257	0
26 Supplies and materials.....	0	0	0
31 Equipment.....	4,533	544	0
41 Grants.....	1,857,661	222,837	0
42 Insurance claims.....	6,000	0	
	-----	-----	-----
Total other objects...	11,277,953	1,352,857	0
	-----	-----	-----
Total direct obligations.....	11,277,953	1,352,857	0
	=====	=====	=====

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

Appropriation Act, 1991.....	\$1,062,000
Budget Estimate, 1992.....	--
Decrease in Appropriation.....	-1,062,000
	=====

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1991 <u>Estimated</u>	Program <u>Changes</u>	1992 <u>Estimated</u>
Market Development Research.....	\$106,200	-\$106,200	--
Agriculture and Forestry Research....	955,800	-955,800	--
Total Available.....	1,062,000	-1,062,000	--
	=====	=====	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Market Development Research.....	\$87,500	--	\$106,200	--	-\$106,200	--	--
2. Agriculture and Forestry Research....	787,500	--	955,800	--	-955,800	--	--
Total Appropriation..	875,000	--	1,062,000	--	-1,062,000	--	--

The following table reflects carryover into succeeding years of actual or estimated prior year balances and shows total actual or planned obligations.

PROJECT STATEMENT
(On basis of available funds)

Project	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Market Development Research.....	\$1,127,795	--	\$135,286	--	-\$135,286	--	--
2. Agriculture and Forestry Research....	10,150,158	--	1,217,571	--	-1,217,571	--	--
Total Obligations....	11,277,953	--	1,352,857	--	-1,352,857	--	--
Unobligated balance, start of year.....	10,372,953	--	-290,857	--	290,857	--	--
Adjustments and other income.....	-320,857	--	--	--	--	--	--
Unobligated balance, end of year.....	290,857	--	--	--	--	--	--
Total Appropriation..	875,000	--	1,062,000	--	-1,062,000	--	--

EXPLANATION OF PROGRAM

Authorized by P.L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

OICD represents USDA in this activity, whose appropriation is allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$1,062,000 (\$1,062,000 available in 1991).

Need for Change. The funds made available in FY 1991 were committed to research projects in FY 1991, but will be expended over the three to five year average span of projects. These funds are sufficient to allow all existing projects to be completed.

Nature of Change. No new project grants will be awarded. Support for overseas research in Agriculture will continue in other Federal programs.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1990 and Estimated 1991 and 1992

1990		1991 Estimated		1992 Estimated	
Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Scientific Activities Overseas.....	\$11,277,953	--	\$1,352,857	--	--

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690 approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 75 posts located throughout the world covering some 110 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 74 posts around the world. As of September 30, 1990, there were 849 permanent full-time employees, 584 in headquarters and 265 in field locations abroad.

FOREIGN AGRICULTURAL SERVICE
Available Funds and Staff-Years

1990 Actual and Estimated, 1991 and 1992

Item	1990		1991		1992	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
Foreign Agricultural Service	\$101,343,000:	730	\$105,548,000:	726	\$109,523,000:	726
<u>Obligations under</u>						
<u>other USDA appro-</u>						
<u>priations:</u>						
Agricultural Market-						
ing Service for						
Cotton Research....	20,000:	--	20,000:	--	20,000:	--
Commodity Credit						
Corporation for						
Landsat Data and						
support of export						
programs.....	1,750,000:	2	2,183,000:	2	2,183,000:	2
Economic Research						
Service for For-						
oreign Publication						
Procurement Program:	5,150:	--	5,000:	--	5,000:	--
Departmental						
Administration for						
Advisory Committees:	160,325:	--	170,000:	--	170,000:	--
Food Safety &						
Inspection Service						
for support in						
Brussels.....	10,828:	1	11,000:	1	11,000:	1
Agricultural Stabi-						
lization and Con-						
servation Service						
for technology						
service.....	627,281:	--	650,000:	--	650,000:	--
Office of Inspector						
General for USAEDC						
Workshop.....	914:	--	1,000:	--	1,000:	--
General Sales						
Manager	7,415,000:	121	7,803,000:	129	9,103,000:	129
Office of Secretary						
for Marketing study:						
on unfair trade						
practices	381,069:	--	--:	--	--:	--
Total, Other USDA						
Appropriations.....	10,370,567:	124	10,843,000:	132	12,143,000:	132
Total, Agriculture						
Appropriations.....	111,713,567:	854	116,391,000:	858	121,666,000:	858
Other Federal Funds:						
Dep. of Interior for						
Media Cost of						
Digital Data Tape ..	11,000:	--	11,000:	--	11,000:	--
Federal Bureau of In-						
vestigation for re-						
location of Bangkok						
office	62,729:	--	--:	--	--:	--
Total, Other Federal						
Funds	73,729:	--	11,000:	--	11,000:	--

Continued

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Non-Federal Funds:						
Information Cir-						
culars.....	197,192	--	190,000	--	190,000	--
User Fees for						
Attache Reports....	70,000	--	70,000	--	70,000	--
User Fees for						
AIMS Trade Leads...	32,000	--	32,000	--	32,000	--
User Fees for						
Computer Time						
and Files.....	2,017	--	2,000	--	2,000	--
Total, Non-Federal						
Funds.....	301,209	--	294,000	--	294,000	--
Total, Foreign						
Agricultural Service	112,088,505	854	116,696,000	858	121,971,000	858
Full-Time Equivalent	1990		1991		1992	
Staff-Years:	Actual		Estimated		Estimated	
Ceiling.....	854		858		858	
Non-ceiling.....	8		8		8	
Total.....	862		866		866	

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters:	Field :	Total :	Headquarters:	Field :	Total :	Headquarters:	Field :	Total :
ES-5	4	--	4	4	--	4	4	--	4
ES-4	2	--	2	2	--	2	2	--	2
GS/GM-15	31	--	31	31	--	31	31	--	31
GS/GM-14	61	--	61	61	--	61	61	--	61
GS/GM-13	73	--	73	73	--	73	73	--	73
GS-12	81	--	81	81	--	81	81	--	81
GS-11	55	--	55	55	--	55	55	--	55
GS-9	54	--	54	56	--	56	56	--	56
GS-8	15	--	15	15	--	15	15	--	15
GS-7	69	--	69	70	--	70	70	--	70
GS-6	53	--	53	53	--	53	53	--	53
GS-5	18	--	18	18	--	18	18	--	18
GS-4	17	--	17	17	--	17	17	--	17
GS-3	6	--	6	6	--	6	6	--	6
GS-2	5	--	5	5	--	5	5	--	5
Other Graded Positions.....	43	124	167	43	124	167	43	124	167
Ungraded Positions.....	4	147	151	4	147	151	4	147	151
Total Permanent Positions.....	591	271	862	594	271	865	594	271	865
Staff-Years:									
Ceiling.....	587	267	854	591	267	858	591	267	858
Non-Ceiling.....	8	0	8	8	0	8	8	0	8
Total.....	595	267	862	599	267	866	599	267	866

NOTE: Includes permanent positions and staff-years for the General Sales Manager shown on page 29-40.

FOREIGN AGRICULTURAL SERVICE

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Personnel Compensation:			
Headquarters	\$22,483,497	\$23,927,000	\$24,186,000
Field	16,239,245	17,383,000	18,535,000
11 Total personnel compensation	31,739,238	34,090,000	35,215,000
12 Personnel benefits ...	6,820,954	7,030,000	7,299,000
13 Benefits for former personnel	162,550	190,000	207,000
Total pers. comp. & benefits	38,722,742	41,310,000	42,721,000
Other Objects:			
21 Travel	3,278,963	3,575,000	3,743,000
22 Transportation of things	1,252,643	1,115,000	1,115,000
23.2 Rental payments to others	4,898,720	5,381,000	5,818,000
23.3 Communications, utilities, and misc. charges	2,613,121	2,898,000	3,132,000
24 Printing and reproduction	1,071,854	1,150,000	1,176,000
25 Other services	44,969,121	47,406,000	47,382,000
26 Supplies and materials	1,655,347	1,517,000	1,602,000
31 Equipment	2,530,297	1,140,000	2,772,000
42 Insurance claims and indemnities	153,874	56,000	62,000
Total other objects ..	62,423,940	64,238,000	66,802,000
Total direct obligations	<u>\$101,146,682</u>	<u>\$105,548,000</u>	<u>\$109,523,000</u>

Position Data:

Average Salary, ES positions	\$80,520	\$98,194	\$102,220
Average Salary, FO positions	\$65,334	\$70,561	\$ 73,454
Average Salary, GM/GS positions	\$35,818	\$37,287	\$38,816
Average Grade, GM/GS positions	10.0	10.0	10.0

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this items as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$125,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [~~\$105,048,000~~] \$109,523,000:

Provided, that this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis[: Provided further, that, hereafter, notwithstanding any other provision of law, upon the request of the Secretary of Agriculture, the Secretary of State shall accord the diplomatic title of Minister-Counselor to the senior Foreign Agricultural Service officer assigned to any United States mission abroad: Provided further, That the number of senior Foreign Agricultural Service officers accorded such diplomatic title at any time shall not exceed twelve].

[Ameri Flora '92 Exposition]

- 2 [To enable the Secretary to meet any extra expenses of participating in the planning, organizing and carrying out of the Ameri Flora '92 Exposition, the first international horticulture and environment exposition to be held in the United States, \$500,000 as authorized by section 1472 of the Food and Agriculture Act of 1977, as amended (7 U.S.C. 3318), to remain available until expended.]
- 1 The first change is a technical adjustment for the purpose of deleting language duplicative with that contained in the Food, Agriculture, Conservation, and Trade Act of 1990.
- 2 The second change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991, making funds available to the Secretary to support the Ameri Flora '92 Exposition. As this is a non-recurring event, this language is no longer necessary.

FOREIGN AGRICULTURAL SERVICE

Appropriation Act, 1991	\$105,548,000
Budget Estimate, 1992	109,523,000
Increase in Appropriation	<u>+ 3,975,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Foreign Agricultural Affairs .	\$32,804,000	+ \$394,000	+\$1,126,000	\$34,324,000
Foreign Market Information and Access	16,526,000	+ 429,000	+ 1,610,000	18,565,000
Foreign Market Development ...	<u>56,218,000</u>	<u>+ 305,000</u>	<u>+ 111,000</u>	<u>56,634,000</u>
Total Available	<u>105,548,000</u>	<u>+1,128,000</u>	<u>+ 2,847,000</u>	<u>109,523,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual		1991 Estimated		Increase	1992 Estimated	
	: Staff-:		: Staff-:			: Staff-:	
	: Amount	: Years	: Amount	: Years		: Amount	: Years
1. Foreign Agricultural Affairs ..	\$32,592,559:	304	\$32,804,000:	304	+\$1,520,000 (1):	\$34,324,000:	304
2. Foreign Market Information and Access	15,450,363:	233	16,526,000:	233	+ 2,039,000 (2):	18,565,000:	233
3. Foreign Market Development ...	53,103,760:	193	56,218,000:	189	+ 416,000 (3):	56,634,000:	189
Unobligated balance :	196,318:		--:		--	--:	
Total available for estimate	<u>101,343,000:</u>	<u>730</u>	<u>105,548,000:</u>	<u>726</u>	<u>+ 3,975,000</u>	<u>109,523,000:</u>	<u>726</u>

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended, and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 5,000 reports annually on production, marketing, economic and trade information.
2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 4,000 trade leads and write more than 52,000 letters responding to inquiries regarding U.S. and host country agriculture.

3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. An estimated 1,100 special trade access communications are sent each year containing direct support for the U.S. export trade.
4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, attaches and counselors provide technical guidance on U.S. agricultural development.
5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of three functional activities--agricultural statistics, commodity analysis and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, four issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other high level officials. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. Agricultural Statistics - This function involves activities contributing to six major objectives to support the development and expansion of foreign agricultural markets as follows:
 - a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. This area also provides primary input to commodity program operations and prepares the monthly World Agricultural Production report. This ongoing program involves preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.
 - b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.
 - c. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.
 - d. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.
 - e. Monitoring and reporting on exports of selected U.S. agricultural commodities.
 - f. Providing agency-wide ADP support to enhance the overall FAS mission of expanding agricultural exports.

2. Commodity Analysis - This function involves activities contributing to four major objectives as follows:

- a. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.
- b. Providing U.S. Government policy makers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decision making process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.
- c. Fulfilling U.S. legislative requirements:
 - (1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.
 - (2) Import licensing for certain dairy products subject to quotas proclaimed under authority of Section 22 of the Agricultural Adjustment Act of 1935 and administration of certain aspects of non-licensed dairy quotas.
 - (3) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).
 - (4) Analysis and evaluation of the role of sugar in world trade patterns.
 - (5) Market development and commodity analysis for the Market Promotion Program.
 - (6) Market development and commodity analysis for the Export Enhancement Program.
- d. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to strategically plan promotional activities to enhance U.S. agricultural exports. Virtually every U.S. farm product entering world trade is promoted by one of the market development activities supported by commodity programs.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policy makers, the public and other interested users. Particular emphasis is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

3. International Trade Policy - This function involves a number of activities contributing to the following major objectives:
 - a. Supporting bilateral and multilateral representations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.
 - b. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.
 - c. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes and will minimize the effects of U.S. import restrictions upon FAS efforts to expand U.S. agriculture exports.
 - d. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.
 - e. Conducting analysis of the forces affecting trade in individual country markets and making such data available to interested U.S. exporters.
 - f. Providing support to the United States Trade (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.
 - g. Maintaining a Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.
 - h. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on long-term trade strategy, foreign agricultural export assistance, and market opportunities for U.S. agricultural exporters through the recently established Trade Assistance and Planning Office.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling U.S. producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, FAS was authorized to begin using foreign currencies generated by the Public Law 480 program to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about \$508 million to finance the foreign market development program, which has significantly contributed to the increase in U.S. farm exports from \$3.1 billion in fiscal year 1955 to \$39.7 billion in fiscal year 1989. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) who have generated an estimated \$960 million in contributions to more than match the \$508 million contributed by FAS.

Under the auspices of FAS' long-term Foreign Market Development program, FAS is currently participating with 43 cooperators, four state organizations (covering 48 states and 3 territories) and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 91 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

Since 1985, the long-term Foreign Market Development program has been complemented by the Targeted Export Assistance (TEA) Program mandated by the Food Security Act of 1985, and by its successor, the Market Promotion Program (MPP), following enactment of the Food, Agriculture, Conservation, and Trade Act of 1990. Since 1985, the number of nonprofit agricultural trade associations and U.S. private firms has grown to a total of over 90 program participants. More than 100 U.S. private firms are also expected to participate in the MPP program in fiscal year 1991 through four regional state organizations as part of a high value export incentive program that promotes processed, brand identified products. In the six years of the TEA and MPP programs, \$930 million has been allocated to organizations to partially reimburse the costs of conducting over 7,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.
3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East, to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fourteen Agricultural Trade Offices located in London, England; Hamburg, West Germany; Singapore; Seoul, Korea; Manama, Bahrain; Caracas, Venezuela; Lagos, Nigeria; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Riyadh, Saudi Arabia; Algiers, Algeria; Istanbul, Turkey; and Tokyo, Japan.

REVIEWS COMMENCED DURING FY 1990

GAO Reviews

Code 483547	Dairy Cattle Exports Under CMP Cooperator Program	Review of market development activity involving cattle.
Code 150010	1990 Farm Bill	Analysis of alternative farm bill proposals.
Code 483546	Agricultural Trade Liberalization Between the U.S. and Mexico	Review of trade opportunities.
Code 483540	Competition for Japan's High Value Agricultural Market	Review of trade opportunities.
Code 483555	Agricultural Exports and Bolivia	Review of implementation of legislation.
Code 468300	U.S. Economic Assistance to El Salvador	Evaluation of program effective- ness.

Code 973323	Evaluation of International Agricultural Proposals to Harmonize Health and Food Safety Standards	Review of alternative proposals
Code 483542	Ability of Pacific Rim Countries to Detect Pesticides in Food	Review of foreign technology.
Code 150007	Government Support Calculations Under the U.S.-Canada Free Trade Agreement	Review of FTA implementation.
Code 150900	Marketing Timber For Export	Review of U.S. timber marketing.
Code 483581	Trade Shows	Review of program administra- tion.
Code 483568	Agricultural Trade Office Activities	Review of agency management and effectiveness.
Code 483571	Cigarette/Tobacco Trade and Advertising in the Far East	Review of export policies and programs.

OIG Audits

50099-67-Hy	Usage of Section 32 Import Duty Funds	Audit of program administration
07080-1-Hy	Export Sales Reporting System	Audit of program administration
07099-26-Hy	Compliance Review Program	Audit of agency administration.
07777-2-Hy	Recommendations Related to Market Development	Audit of agency implementa- tion of prior recommendations.

REVIEWS COMPLETED DURING FY 1990GAO Reviews

Code 483503	Competitor Market Promotion Activities for High Value Agricultural Commodities	Review of international marketing practices
Code 483530	Potential for Expansion of Agricultural Trade Between U.S. and Mexico	Review of trade alternatives.
Code 483540	Competition for Japan's High Value Agricultural Market	Review of trade opportunities.
Code 150010	1990 Farm Bill: Opportunities For Change	Review of legislative options.
Code 483513	Issues Associated With the Export of U.S. Tobacco and Tobacco Products	Review of export policies.
CODE 097757	Inspection Procedures for Meat Imports From Canada	Review of FTA Implementation.
Code 108737	FDA's Actions on Chilean Fruit Based on Sound Evidence	Review of handling of food tampering.

Code 150007	Government Support Calculations Under the U.S.-Canada Free Trade Agreement	Review of FTA implementation.
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OIG Audits

NY-799-28	Violation of Sugar Re-Export Program	Program investigation
07020-3-Hy	Foreign Market Development	Audit of program administration
07099-24-Hy	Survey of Compliance Review Program	Audit of agency administration.
50099-53-Hy	Foreign Grain Complaints	Audit of agency administration.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$1,520,000 for Foreign Agricultural Affairs (\$32,804,000 available in FY 1991 consisting of:

(a) An increase of \$1,126,000 for increased cost of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining FAS Agricultural Counselor and Attache Offices will increase by approximately seven percent in FY 1992.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents and the payment to the U.S. Department of State for overseas administrative support.

(b) An increase of \$394,000 for the 1992 pay raise.

(2) An increase of \$2,039,000 for Foreign Market Information and Access (\$16,526,000,000 available in FY 1991) consisting of:

(a) An increase of \$1,610,000 to fund the FAS share of "Augmentation 2000." Augmentation 2000 is a joint hardware acquisition program with the Office of the General Sales Manager (OGSM) designed to meet the administrative ADP requirements of FAS and the OGSM to the year 2000.

Need for Change: Both FAS and the OGSM rely on the CCC Computer Facility (CCCCF) for ADP support. The CCCCCF, as originally established, relies almost entirely upon processing by centralized Central Processing Units (CPUs). The total reliance on centralized processing through the use of non-intelligent terminals has caused, to a large extent, the overloading of the central facility. As the number of users has grown to 1,200 and large database applications have been implemented, the original systems configuration which assumed that three CPUs would meet CCCCCF user requirements, has now grown to eight, and current capacity is exhausted. Additionally, most equipment has reached the end of its systems life and must be replaced. As both FAS and the OGSM are heavily dependent on automated support for administration of USDA export programs, systems reliability is essential.

Nature of Change: Augmentation 2000 proposes to replace all existing non-intelligent terminals with intelligent workstations and PCs over a

five year period. This will allow the migration of word processing, and other administrative processing functions to the desktop and out of the CPU. This will not only provide additional computing power and massive increases in storage capability, but will also permit and encourage the distribution of applications to either intelligent workstations or microcomputers, thus freeing up a larger share of the augmented mainframe cluster for heavy-duty data processing applications.

- (b) An increase of \$429,000 to fund the FY 1992 pay raise.
- (3) An net increase of \$416,000 for Foreign Market Development (\$56,218,000 available in FY 1991 consisting of:

- (a) an increase of \$611,000 for increased costs of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 14 FAS Agricultural Trade Offices will increase by approximately seven percent in FY 1992.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents and the payment to the U.S. Department of State for overseas administrative support.

- (b) An increase of \$305,000 for the 1992 pay raise.
- (c) A decrease of \$500,000 for support of Ameri-Flora '92 provided in FY 1991 on a non-recurring basis.

Foreign Agricultural Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	<u>1990</u>		<u>1991</u>		<u>1992</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$33,003,373	459	\$34,853,000	455	\$36,343,000	455
Overseas.....	68,143,309	271	70,695,000	271	73,180,000	271
Total Available or Estimate...	<u>\$101,146,682</u>	<u>730</u>	<u>\$105,548,000</u>	<u>726</u>	<u>\$109,523,000</u>	<u>726</u>

PUBLIC LAW 480

Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act):

1. Financing sales of agricultural commodities to developing countries for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (Title I). The Commodity Credit Corporation finances all sales made pursuant to agreements concluded under the authority of Title I, using funds appropriated for P.L. 480. The Corporation may serve as the purchasing or shipping agent, or both, for the importing country or may award contracts for freight agent services on behalf of the Corporation to handle shipping of commodities under P.L. 480.

Sales are made to developing countries as defined in section 402(4) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements are made with developing countries for delivery in accordance with the terms of agreement.

Funds appropriated to carry out Title I may be also used to furnish commodities to carry out the Food for Progress Act of 1985. Such commodities may be furnished on credit terms or on a grant basis in order to assist developing countries and countries that are emerging democracies that have made a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations.

3. Commodities supplied in connection with dispositions abroad (Title III). Under Title III, agricultural commodities are furnished to least developed countries as defined in section 302(a). They are provided through foreign governments for direct feeding, development of emergency food reserves or may be sold with the proceeds of such sale used by the recipient country for specific economic development purposes. The Corporation may pay, in connection with furnishing commodities under Title III, the same cost items as authorized under Title II.

Credit Reform

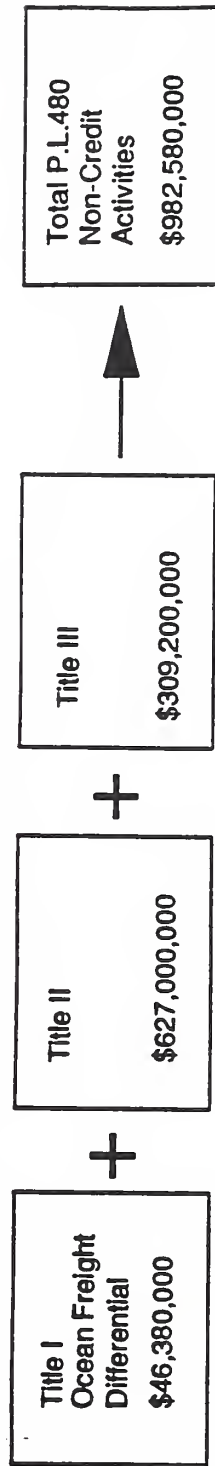
The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that budget authority and outlays for direct loan and guarantee programs represent their subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements net of repayments and other collections. In addition to the request for subsidy budget authority, the proposed 1992 appropriation language includes the estimated loans that would be made based on the subsidy amount requested. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated net cashflows over the lifetime of the loan; whereas outlays represent the portion of the subsidy related to the loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of loans are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments, and Treasury borrowing requirements.

For P.L. 480, the loan program account is comprised of the estimated subsidy for direct credit extended to finance Title I commodities and related Title I administrative expenses. In turn, the Title I direct credit subsidy and administrative expenses estimates determine the fiscal year 1992 Title I appropriation request of \$318,673,000. Because the Act mandates the separate treatment of credit and non-credit activities, a separate appropriation of \$982,580,000 is requested for the non-credit P.L. 480 activities which include Title I ocean freight differential and the Titles II and III programs in fiscal year 1992. The total appropriation request for P.L. 480 in fiscal year 1992 is \$1,301,253,000. These Explanatory Notes reflect the incorporation of Credit Reform throughout.

The chart on the next page depicts the fiscal year 1992 proposed appropriation for P.L. 480 non-credit and credit activities:

FY 1992 P.L.480 APPROPRIATION REQUEST

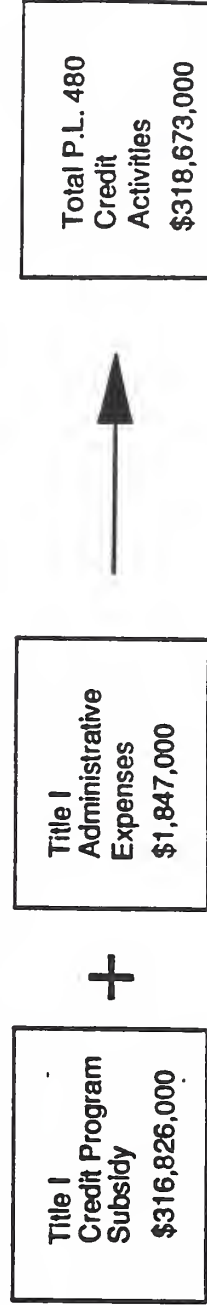
P.L.480 Non-Credit (Grant) Activities



27-3

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P.L.480 Credit Activities



Total FY 1992 P.L.480 Appropriation Request	\$1,301,253,000
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Available Funds, 1990 Actual and Estimated 1991 and 1992

Item	1990 Actual	1991 Estimated	1992 Estimated
Foreign Assistance Programs (P.L. 480):			
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III).....	\$649,622,100	\$880,000,000	---
Financing the sale of agricultural commodities for local currencies and for dollars on credit terms, and furnishing commodities to carry out the Food for Progress Act of 1985 (Title I).....	---	---	316,826,000 ^{a/}
Administrative expenses (Title I).			1,847,000 ^{b/}
Title I appropriation-loan program account.....	---	---	318,673,000 ^{c/}
Ocean freight differential (Title I)	---	---	46,380,000
Commodities supplied in connection with dispositions abroad (Title II)	737,101,114	696,000,000	627,000,000
Commodities supplied in connection with dispositions abroad (Title III)	---	---	309,200,000
P.L. 480 non-credit appropriation: Title I ocean freight differential, Title II and Title III programs...	---	---	982,580,000
Total program costs funded.....	1,386,723,214	1,576,000,000	1,301,253,000
Costs financed from receipts, prior year balances and CCC funds (net).	-408,502,214	-565,147,000	---
Total appropriation (P.L. 480).....	\$978,221,000	\$1,010,853,000	\$1,301,253,000 ^{d/}

^{a/} Reflects subsidy budget authority needed to support a Title I direct credit level of \$417,420,000.

^{b/} Reflects requirement that all administrative costs related to the credit program, including those arising from servicing of direct credit obligated prior to fiscal year 1992, be identified separately and shown in the same account as the credit program's cost. Administrative costs are \$1,274,000 for the General Sales Manager and \$573,000 for ASCS.

^{c/} A separate appropriation for Title I ocean freight differential is requested to comply with the Credit Reform. Credit reform distinguishes credit programs such as Title I financing for commodities from non-credit components such as Title I ocean freight differential.

^{d/} Receipts and prior year balances are not available to reduce the P.L. 480 appropriation request under Credit Reform. Instead, these receipts will be used by the U.S. Treasury to reduce U.S. government outlays.

Notes: The fiscal year 1990 appropriation was adjusted to reflect net transfers of \$58.5 million in both program level and appropriation from Titles I and III to Title II, under the authority of the language proviso in the 1990 appropriation act.

The fiscal year 1991 appropriation assumes the full restoration of sequestered P.L. 480 funds. This sequester was required for all accounts in the international discretionary category, including P.L. 480.

Through 1990, obligations incurred in a fiscal year under Public Law 480 consisted of Title I sales registrations (based on anticipated export date by September 30) and Title II commodity purchases for which a notice to deliver had been issued. In order to obtain the amount of costs financed by CCC in the fiscal year, these obligations, which were equivalent to the program level limitation in the appropriation language, were adjusted to include prior year obligations financed in the current fiscal year, and to exclude current year obligations that will not be financed until the following fiscal year.

In fiscal year 1991, Title I and Title II obligations continue to be based on respective sales registrations and notices to deliver that are issued by September 30, but the anticipated export date has been extended to December 31. Obligations under Title III will be based on a September 30 notice to deliver with an anticipated export date of December 31.

Beginning in fiscal year 1992, when credit reform becomes effective, obligations for Title I sales registrations will be equivalent to the loan level limitation in the appropriation language. These obligations will be financed from the financing account. Obligational procedures for Titles II and III will remain the same as in 1991. Related Title I ocean freight costs will be paid from a separate P.L. 480 grant account as will all Title II and III program costs. Financing of Title I obligations incurred prior to fiscal year 1992 will be carried out through the liquidating account. P.L. 480 funds for all three titles remain available until expended, unless otherwise provided.

The following table reconciles the program level to program costs financed by CCC:

Reconciliation of Program Level to Program Costs Funded by CCC

Item	1990 Actual	1991 Estimated	1992 Estimated
<u>Titles I/III</u>			
Gross commodity costs.....	\$749,018,631	---	---
Ocean transportation.....	1,118,852	---	---
Ocean freight differential.....	56,874,251	---	---
Subtotal.....	807,011,734	---	---
Initial payments to exporters.....	-17,622,909	---	---
Total program level, current year.	789,388,825	---	---
Prior year obligations financed.....	220,903,153	---	---
Obligations financed in succeeding year.....	-360,669,878	---	---
Total program costs, funded.....	649,622,100	---	---
<u>Title I a/</u>			
Gross commodity costs.....	---	\$460,350,000	\$417,420,000
Ocean transportation.....	---	---	---
Ocean freight differential.....	---	51,150,000	46,380,000
Total program level, current year.	---	511,500,000	463,800,000
<u>Title II</u>			
Commodity costs.....	455,600,000	446,945,000	392,997,000
Ocean and inland transportation.....	275,499,000	249,055,000 ^{b/}	234,003,000 ^{b/}
Total program level, current year.	731,099,000	696,000,000	627,000,000
Prior year obligations financed.....	486,047,425	480,045,311	480,045,311
Obligations financed in succeeding year.....	-480,045,311	-480,045,311	-480,045,311
Total program costs, funded.....	737,101,114	696,000,000	627,000,000
<u>Title III a/</u>			
Commodity costs.....	---	272,600,000	233,700,000
Ocean and inland transportation.....	---	95,900,000	75,500,000
Total program level, current year.	---	368,500,000	309,200,000
<u>P.L. 480</u>			
Total program costs, funded.....	1,386,723,214	1,576,000,000	1,400,000,000

a/ Separation of the Titles I and III programs beginning in fiscal year 1991 reflects the Food, Agriculture, Conservation, and Trade Act of 1990 which authorizes a new Title III Food for Development program.

b/ Includes \$10.0 million for private voluntary organizations and cooperatives to assist in meeting administrative, management and internal transportation and distribution costs for carrying out Title II programs.

These estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[Public Law 480 (Including Transfers of Funds):]

[For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms pursuant to titles I and III of said Act, or for convertible foreign currency for use under 7 U.S.C. 1708, and for furnishing commodities to carry out the Food for Progress Act of 1985, not more than \$880,000,000, of which \$314,853,000 is hereby appropriated and the balance derived from proceeds from sales of foreign currencies and dollar loan repayments, repayments on long-term credit sales, carryover balances and commodities made available from the inventories of the Commodity Credit Corporation by the Secretary of Agriculture pursuant to sections 102 and 403(b) of said Act, and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, not more than \$696,000,000, of which \$696,000,000 is hereby appropriated: Provided, That not to exceed 10 per centum of the funds made available to carry out any title of this paragraph may be used to carry out any other title of this paragraph.]

This change eliminates the appropriation language for the liquidating account. An appropriation is not needed for this account which is for activity occurring prior to fiscal year 1992. P.L. 480 Title I direct credit activity for fiscal year 1992 and beyond is reflected in the Program Account below. Title I ocean freight differential, Title II and Title III program activities are reflected in the P.L. 480 Grant Account shown on the following page.

Public Law 480 Program Account

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, as amended, of direct credit agreements as authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended, and the Food for Progress Act of 1985, as amended, including the cost of modifying repayment terms of credit agreements under said Act, \$316,826,000: Provided, That these funds are available to subsidize gross obligations for the principal amount of Public Law 480 title I credit, including Food for Progress credit to the extent Public Law 480 funds are utilized, of not to exceed \$417,420,000.

In addition, for administrative expenses to carry out the Public Law 480 Title I credit program, and the Food for Progress Act of 1985, as amended, to the extent funds appropriated for Public Law 480 are utilized, \$1,847,000, of which not to exceed \$1,274,000 may be transferred to and merged with the appropriation for the Salaries and Expenses of the General Sales Manager, and of which not to exceed \$573,000 may be transferred and merged with the appropriation for the Salaries and Expenses of the Agricultural Stabilization and Conservation Service.

This change provides new appropriation language for funding the subsidy associated with the P.L. 480 direct credit level provided in the language, pursuant to the Omnibus Budget Reconciliation Act of 1990. In addition, related administrative expenses, including those arising from servicing of direct credit obligated prior to fiscal year 1992, are also proposed to be appropriated directly to this account.

Public Law 480 Grants

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726a, 1727-1727e, 1731-1736g-1, 1737) as follows: (1) ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985, as amended, \$46,380,000 is hereby appropriated, and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, not more than \$627,000,000, of which \$627,000,000 is hereby appropriated, and (3) commodities supplied in connection with dispositions abroad pursuant to title III of said Act, not more than \$309,200,000, of which \$309,200,000 is hereby appropriated: Provided, That not to exceed 15 per centum of the funds made available to carry out any title of said Act may be used to carry out any other of title of said Act.

This change provides new appropriation language for non-credit or grant activities of P.L. 480 which include Title I ocean freight differential, and the Title II and Title III programs. The language also requests that up to 15 percent of the funds provided be permitted to be transferred between titles. This transfer authority would provide more flexibility to respond to the needs of importing countries and is consistent with the authorizing provision of the FACT Act.

Public Law 480
(on basis of subsidy, administrative expenses and appropriation)

	(Title I)		(Title II)		(Title III)	
	(Titles I and III) Financing the Sale of Agricultural Commodities for Convertible For- eign Currencies and for Dollars on Credit Terms, and Furnishing Commodities for Food for Progress	(Title I) Financing the Sale of Agricultural Commodities for Local Currencies and for Dollars on Credit Terms and Furnishing Commodities for Food for Progress and Title I Administrative Expenses	(Title I) Ocean Freight Differential	(Title II) Commodities Supplied in Connection with Dispositions Abroad	(Title III) Commodities Supplied in Connection with Dispositions Abroad	Total
Appropriation Act, 1991.....	\$314,853,000	---	---	\$696,000,000	---	\$1,010,853,000
Budget Estimate, 1992.....	---	\$318,673,000	\$46,380,000	627,000,000	\$309,200,000	1,301,253,000
Increase or Decrease in Appropriation.....	-314,853,000	+318,673,000	+46,380,000	-69,000,000	+309,200,000	+230,400,000

SUMMARY OF INCREASES AND DECREASES

(On basis of subsidy, administrative expenses and appropriation)

Item of Change	1991		1992	
	Estimated	Program Changes	Estimated	
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and II).....	\$314,853,000	-\$314,853,000	---	
Financing the sale of agricultural commodities for local currencies and for dollars on credit terms, and furnishing commodities for Food for Progress, and for administrative expenses (Title I).....	---	+318,673,000	\$318,673,000	
Ocean Freight Differential (Title I).....	---	+46,380,000	46,380,000	
Commodities supplied in connection with dispositions abroad (Title II).....	696,000,000	-69,000,000	627,000,000	
Commodities supplied in connection with dispositions abroad (Title III).....	---	+309,200,000	309,200,000	
TOTAL AVAILABLE.....	1,010,853,000	+290,400,000	1,301,253,000	

P.L. 480 PROGRAM ACCOUNT

	<u>Limitation on Direct Credit</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, FY 1991.....	\$460,350,000	---	---
Amount, FY 1992.....	<u>417,420,000</u>	<u>\$316,826,000</u>	<u>\$1,847,000</u>
Increase or Decrease in Amount....	<u>-42,930,000</u>	<u>+\$316,826,000</u>	<u>+\$1,847,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of credit levels, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Change</u>	<u>1992 Estimated</u>
P.L. 480 Direct Credit Level.....	\$460,350,000	-\$42,930,000	\$417,420,000
Subsidy costs.....	---	+\$316,826,000	316,826,000
Administrative expenses:			
General Sales Manager..	---	+1,274,000	1,274,000
ASCS.....	---	+573,000	573,000
Total, Admin.Expenses	<u>---</u>	<u>+1,847,000</u>	<u>1,847,000</u>
Total Available.....	<u>---</u>	<u>+\$318,673,000</u>	<u>\$318,673,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
P.L. 480 Direct Credit Level.....	\$734,809,000	\$460,350,000	-\$42,930,000	\$417,420,000
Direct credit subsidy.....	---	---	+\$316,826,000	316,826,000
Administrative expenses (Current, definite).....	---	---	+1,847,000	1,847,000
Total Appropriation.....	---	---	+\$318,673,000	\$318,673,000

PUBLIC LAW 480

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III)....	\$247,122,000	\$314,853,000	-\$314,853,000	---
2. Financing the sale of agricultural commodities for local currencies and for dollars on credit terms, and furnishing commodities for Food for Progress, and for administrative expenses (Title I)...	---	---	+318,673,000	\$318,673,000
			(1)	
Subtotal.....	247,122,000	314,853,000	+3,820,000	318,673,000
3. Ocean Freight Differential (Title I)	---	---	+46,380,000	46,380,000
4. Commodities supplied in connection with dispositions abroad (Title II).....	731,099,000	696,000,000	-69,000,000	627,000,000
5. Commodities supplied in connection with dispositions abroad (Title III).....	---	---	+309,200,000	309,200,000
			(2)	
Subtotal.....	731,099,000	696,000,000	+286,580,000	982,580,000
Total, available or estimate.....	978,221,000	1,010,853,000	+290,400,000	1,301,253,000

PROJECT STATEMENT
(On basis of available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III).....	\$649,622,100	---	---	---
2. Financing the sale of agricultural commodities for local currencies and for dollars on credit terms, and furnishing commodities for Food for Progress, and for administrative expenses (Title I).....	---	\$460,350,000	-\$42,930,000	\$417,420,000 ^{a/}
3. Ocean Freight Differential (Title I).....	---	51,150,000	-4,770,000	46,380,000
4. Commodities supplied in connection with dispositions abroad (Title II).....	737,101,114	696,000,000	-69,000,000	627,000,000
5. Commodities supplied in connection with dispositions abroad (Title III).....	---	368,500,000	-59,300,000	309,200,000
Total program costs funded..	1,386,723,214	1,576,000,000	-176,000,000	1,400,000,000
Adjustments to appropriation:				
Title I:				
Receipts from sale of foreign currencies and loan repayments and repayments on long-term credit sales to finance the program.....	-499,660,927	-434,000,000	+434,000,000	---
Unexpended balances (includes balances in the Corporation): Funds brought forward.....	-551,391,154	-648,551,981	+648,551,981	---
Title I credit not subsidized by appropriation.....	---	---	-98,747,000	-98,747,000
Funds carried forward.....	648,551,981	517,404,981	-517,404,981	---
Title II:				
Funds brought forward....	-454,450,662	-448,448,548	---	-448,448,548
Funds carried forward....	448,448,548	448,448,548	---	448,448,548
Total appropriation.....	978,221,000	1,010,853,000	+290,400,000	1,301,253,000

a/ Includes \$1,847,000 for Title I administrative expenses.

b/ Beginning in fiscal year 1992, receipts and unexpended balances are no longer available to reduce the P.L. 480 appropriation request under credit reform.

The preceding project statement reflects estimated program costs on the basis of available funds, including 1989 obligations financed in fiscal year 1990 from available unexpended 1989 balances and 1990 funds. The rate at which expenditures and obligations are made under these programs is influenced by crop conditions, commodity availability, economic conditions in receiving countries, availability of shipping, port facilities, and similiar factors.

The amounts requested in the appropriation for the Title I program account in fiscal year 1992 consist of the subsidy amount of \$316,826,000 to fund Title I direct credit of \$417,420,000 and related administrative expenses of \$1,847,000. Programming under Title I takes place to the extent that appropriated subsidy amounts are available. By law, P.L. 480 Title I funds are available until expended with the exception of appropriated subsidy. Unused subsidy amounts expire at the end of the program year to the extent the direct credit level is not fully obligated. Receipts from Title I direct credit issued prior to fiscal year 1992, proceeds from sales of foreign currencies or unexpended balances are not available to reduce the Title I appropriation request for fiscal year 1992.

The amounts provided in the appropriation for Title II or Title III are not fully controlling since the basic law permits the Government to enter into multi-year programs of assistance involving expenditures which must be financed from subsequent appropriations. However, such programs may not exceed the program level authorized in appropriation acts, adjusted for transfers to or from Title I, within amounts specified by the proviso in the appropriation language. If funds appropriated for Titles II and III are in excess of amounts actually used in an actual year, adjusted for any applicable transfers, such amounts are applied against current year estimated costs and reduce the subsequent appropriations requested for the budget year.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1995, by the FACT Act, Public Law 101-624, signed November 28, 1990.

TITLE I

The P.L. 480 appropriation is deposited with the Commodity Credit Corporation. The Corporation then finances all sales made pursuant to agreements concluded under Title I. Sales are made to developing countries--as defined in section 402(4) of the Act--and do not displace expected commercial sales for cash dollars (sections 403(e) and (h)). No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the most needy people of that country and is made available through channels other than the government.

Agreements for sales of agricultural commodities for foreign or local currencies had not been authorized since December 31, 1971, until enactment of the Food Security Act of 1985. In cases where dollar credit sales are not possible, local currency credit sales are authorized.

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, support U.S. foreign policy interests, and encourage economic development in the developing countries. Agreements are made with the governments of developing nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at a concessional rate as determined by the Secretary, either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to seven years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and future agreements will be deposited in a financing account for use by the U.S. Treasury to offset U.S. government outlays.

Local currencies received under Title I sales agreements may be used in carrying out activities under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Activities in the recipient country for which these local currencies may be used include developing new markets for U.S. agricultural commodities on a mutually beneficial basis, paying U.S. obligations, and supporting agricultural development or research.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies and have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Cargo Preference Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the most needy recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and have in effect either an International Monetary Fund standby agreement, a structural adjustment program of the International Bank for Reconstruction and Development or if no agreement is in effect, the country is pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

Additional debt reduction is authorized for Title I under the Enterprise for the Americas Initiative, Title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended. Debt reduction for outstanding Title I direct credit as of January 1, 1990 is authorized for Latin American and Caribbean countries which meet certain eligibility requirements including making significant progress toward establishing an International Monetary Fund standby arrangement, placing into effect major investment reforms in conjunction with an InterAmerican Development Bank loan and, if applicable, arranging with its commercial bank lenders a debt service reduction.

Debt reduction under both provisions requires an advance appropriation equivalent to the net present value of the amount of debt relief provided, beginning in fiscal year 1992.

TITLE II

Under Title II, as amended, commodities are supplied to foreign countries to combat malnutrition, to meet famine or other urgent relief requirements, promote sound environmental practices and carry out the United States' commitment to the World Food Program.

The Food, Agriculture, Conservation, and Trade Act of 1990 requires that a minimum of 1.925 million metric tons (grain equivalent basis) of agricultural commodities be programmed in fiscal year 1991. The minimum Title II program requirement increases by 25,000 metric tons for each subsequent year through fiscal year 1995. Of the 1991 program requirement, a minimum 1.425 million metric tons (grain equivalent basis) are to be distributed for nonemergency programs through voluntary agencies, cooperatives and the World Food Program, unless the Administrator of the Agency for International Development (AID) determines and reports to Congress that such an amount cannot be used effectively or is needed in order to meet an emergency. The nonemergency program requirement also increases by 25,000 metric tons for each subsequent year through fiscal year 1995.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time.

The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments. To the extent feasible, distribution priority is to be given to those suffering from malnutrition.

For fiscal years 1991 through 1995, no less than \$10.0 million nor more than \$13.5 million of the funds provided annually for Title II shall be made available to private voluntary organizations and cooperatives to assist these organizations in establishing new Title II programs or to meet specific administrative, management and internal transportation and distribution costs for carrying out Title II programs in foreign countries. A request for such funds must be made by the organization and is subject to approval by the Administrator of AID.

The FACT Act also establishes a Food Aid Consultative Group headed by the Administrator to meet on an on-going basis to review and address Title II regulations and procedures for their effectiveness in governing Title II programs. The Group shall terminate on December 31, 1995.

Assistance under Title II is directed toward activities designed to alleviate the causes of the need for such aid. Programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of \$1 billion plus the unused prior year's authorization.

TITLE III

Under Title III, commodities may be furnished for periods from one to five years following a Presidential determination of country eligibility and formulation of approved development projects or activities. Unless a Presidential waiver with an accompanying explanation of such action was reported to Congress, agreements entered into under Title III from fiscal years 1986 through 1990 had a required aggregate value of not less than 10 percent of the aggregate value of all agreements entered into under Title I for the corresponding year.

Past and ongoing projects undertaken with the Title III proceeds include the construction of food grain storage facilities, expansion of private bank credit in rural areas and the development of farm irrigation systems.

For the fiscal years 1979 through 1989, the total value of Title III agreements signed with Bangladesh, Bolivia, Egypt, Honduras, Senegal, and Sudan was approximately \$1,248.3 million. In fiscal 1990, new agreements or amendments to existing multi-year agreements with an export value of \$80.0 million were signed with Bangladesh and Bolivia.

In fiscal year 1990, Bangladesh signed an agreement for \$60.0 million which included assistance for \$40.0 million in wheat, \$5.0 million in vegetable oil, and \$15.0 million in upland cotton. In this fourth year of a four year agreement, Bangladesh continued to implement several major reforms to enhance food consumption and nutrition, increase agricultural production, increase employment and improve food distribution and management.

Bolivia signed an amendment to an ongoing Title III Food for Development Program in fiscal year 1990. Title III projects currently underway include loan making to small farmers for livestock production and marketing credit, strengthening producer organizations, constructing houses for flood victims and controlling communicable diseases. Bolivia was allocated \$20.0 million to import U.S. wheat under Title III during fiscal year 1990.

For fiscal year 1990, Title I program costs include the costs of financing Food for Development Programs under Title III. However, the Food, Agriculture, Conservation, and Trade Act of 1990 authorizes a new and separate Title III Food for Development Program beginning January 1, 1991. Food assistance to least developed countries will be provided on a grant basis through government-to-government agreements. The new program will be administered by AID. Donated commodities may be used in the recipient country for direct feeding programs or may be sold. Sales proceeds derived from the sale of commodities in the recipient country are to be jointly programmed by AID and the government of the recipient country for specific economic development purposes as defined in section 306 of the Act, or may be used for other agreed purposes.

Proceeds from the sale of Title III commodities under both former and new Title III programs are to be disbursed for such purposes as approved in the agreement with each country. Section 306(b) of the FACT Act requires that to the extent practicable, a minimum 10 percent of these sales proceeds are to be used by the country to support the development and use of indigenous nongovernmental organizations that are active in rural development, agricultural education and other measures to assist poor people and environmental protection projects within the country.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to 147 million bushels (four million metric tons) of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Title II to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export. The FACT Act added a provision requiring replenishment of the reserve no later than 18 months after the release of stocks. Replenishment may be made either through purchases to the extent funds are appropriated in advance and provided that such purchases do not unduly disrupt the market, or by designating an equivalent quantity of CCC-owned wheat from uncommitted stocks.

On October 26, 1988, the President authorized the release of up to 1.5 million metric tons from the reserve for use in P.L. 480 programs during fiscal year 1989. This release was prompted by the reduced domestic supply of wheat. Approximately 55 million bushels (1.5 million metric tons) of wheat were committed in fiscal year 1989 for use in P.L. 480 Titles I/III and Title II programs. On September 14, 1989, the President authorized the release of an additional 2.0 million metric tons of wheat for use in P.L. 480 Titles I/III and Title II programs. Approximately 31.5 million bushels (.9 million metric tons) of wheat were committed in fiscal year 1990 for use in the Titles I/III and Title II programs. By September 1, 1990, only 60.5 million uncommitted bushels were left in the reserve. The reserve was replenished with 43.8 million bushels of wheat held by CCC as of the end of September 1990 leaving 104.3 million bushels of wheat in the reserve. The remaining balance of the reserve will be replenished during the first half of fiscal year 1991.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 PROGRAM ACCOUNT

- (1) A net increase of \$3,820,000 for financing the sale of agricultural commodities for local currencies and for dollars on credit terms, and furnishing commodities under the Food for Progress Act of 1985, as amended (Title I).

Item	1990 1/ Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Program:				
Title I Expenses of shipments:				
Commodity costs:				
Foreign currency...	\$13,543,499	---	---	---
Long-term credit...	615,836,333	\$460,350,000	-\$42,930,000	\$417,420,000
			(a)	
Total Commodity costs	629,379,832	460,350,000	-42,930,000	417,420,000
Ocean transportation (long-term credit....)	1,118,852	---	---	---
Ocean freight differential (support of U.S. Merchant Marine):.....				
Foreign currency...	-1,219,002	---	---	---
Long-term credit...	20,342,418	51,150,000	-51,150,000	---
			(b)	
Total ocean freight differential.....	19,123,416	51,150,000	-51,150,000	---
Total foreign currency.	12,324,497	---	---	---
Total long-term credit.	637,297,603	511,500,000	-94,080,000	417,420,000
Total, Title I expenses of shipments..	649,622,100	511,500,000	-94,080,000	417,420,000
Title III Expenses of shipments:				
Commodity cost.....	---	272,600,000	-272,600,000	---
Ocean freight differential.....	---	95,900,000	-95,900,000	---
			(c)	
Total, Title III expenses of shipments.	---	368,500,000	-368,500,000	---
Total, Titles I and III expenses of shipments.	649,622,100	880,000,000	-462,580,000	417,420,000
Financing:				
Receipts from:				
Sales of foreign currency.....	-59,945,087	-50,000,000	+50,000,000	---
Repayments on long-term credit.....	-439,715,840	-384,000,000	+384,000,000	---
Subtotal.....	-499,660,927	-434,000,000	+434,000,000	---
1989 funds used for 1990 costs.....	-551,391,154	---	---	---
1990 funds used for 1991 costs.....	648,551,981	-648,551,981	+648,551,981	---
1991 funds used for 1992 costs.....	---	517,404,981	-517,404,981	---
			(d)	
Net financing.....	-402,500,100	-565,147,000	+565,147,000	---
Title I credit not subsidized by appropriation.....	---	---	(e)	
			-98,747,000	-98,747,000
Total available or estimate.....	247,122,000	314,853,000	+3,820,000	318,673,000

1/ Reflects net transfers of \$58.5 million in program level and appropriation from Titles I/III to Title II under authority provided in the fiscal year 1990 Appropriations Act.

- (a) A decrease of \$42,930,000 in commodity costs (\$460,350,000 available in 1991). This decrease reflects an overall reduction in the Title I program level from \$511.5 million to \$417.4 million. An estimated 2.5 million metric tons (grain-equivalent) in commodity shipments will be made in fiscal year 1992 versus 2.8 million metric tons in fiscal year 1991.
- (b) A decrease of \$51,150,000 in ocean freight differential costs (\$51,150,000 available in 1991). Beginning with fiscal year 1992, funding to cover Title I ocean freight differential costs will be requested with the Title II and III programs to comply with the Credit Reform Act of 1990.
- (c) A decrease of \$368,500,000 in Title III expenses of shipments (\$368,500,000 available in 1991). The Agricultural Trade Development and Assistance Act of 1954, as amended, authorizes a new Title III program beginning in 1991. Although fiscal year 1991 funding for Titles I/III was provided in one appropriation, programming under both titles are shown. A separate Title III appropriation is requested for fiscal year 1992. Related program and financing activity are shown elsewhere in these Explanatory Notes.
- (d) A decrease of \$565,147,000 in net financing due to the application of prior year funds and receipts to program costs (\$565,147,000 available in 1991). Under credit reform, receipts and unexpended funds are no longer available to reduce P.L. 480 financing costs.
- (e) A decrease of \$98,747,000 for Title I amounts not subsidized by appropriation (\$0 available in 1991). Under credit reform, only the subsidy component to fund Title I loans of \$417,420,000 is provided through appropriation. This subsidy amount of \$316,826,000 and related Title I administrative expenses of \$1,847,000 comprise total available P.L. 480 spending authority of \$318,673,000.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 GRANT ACCOUNT

- (2) A net increase of \$286,580,000 for Title I ocean freight differential costs, and in amounts for financing commodities supplied in connection with dispositions abroad (Titles II and III).

Item	1990 1/ Actual	1991 Estimated	Increase or Decrease	1992 2/ Estimated
<u>Program:</u>				
Title I Expenses of shipments:				
Ocean freight differential (support for U.S. Merchant Marine):	---	---	+\$46,380,000	\$46,380,000
			(a)	
Total, Title I.....	---	---	+46,380,000	46,380,000
Title II Expenses of shipments:				
Commodity costs.....	\$487,792,980	\$446,945,000	-53,948,000	392,997,000
Ocean transportation and inland distribution costs..	249,308,134	249,055,000 ^{3/}	-15,052,000	234,003,000 ^{3/}
			(b)	
Total, Title II expenses of shipments	737,101,114	696,000,000	-69,000,000	627,000,000
Title III Expenses of shipments:				
Commodity costs.....	---	---	+233,700,000	233,700,000
Ocean transportation and inland distribution costs..	---	---	+75,500,000	75,500,000
			(c)	
Total, Title III expenses of shipments	---	---	+309,200,000	309,200,000
Total, Title I ocean freight, Title II and III expenses of shipments.....	737,101,114	696,000,000	+286,580,000	982,580,000
<u>Financing:</u>				
<u>Title II:</u>				
1989 funds used for 1990 costs.....	-454,450,662	---	---	---
1990 funds used for 1991 costs.....	448,448,548	-448,448,548	+448,448,548	---
1991 funds used for 1992 costs.....		448,448,548	-896,897,096	-448,448,548
1992 funds used for 1993 costs.....	---	---	+448,448,548	448,448,548
Net financing.....	-6,002,114	---	---	---
Total available or estimate.....	731,099,000	696,000,000	+286,580,000	982,580,000

- 1/ Reflects net transfers of \$58.5 million in program level and appropriation from Titles I/III to Title II under authority provided in the fiscal year 1990 Appropriation Act.
 - 2/ Reflects non-credit (grant) P.L. 480 activities. Under credit reform, a separate appropriation is requested in fiscal year 1992.
 - 3/ Includes \$10.0 million for private voluntary organizations and cooperatives to assist in meeting administrative, management and internal transportation and distribution costs for carrying out Title II programs.
- (a) An increase of \$46,380,000 in Title I ocean freight differential costs (\$0 available of 1991). This increase is due to the separation of Title I commodity and ocean freight differential costs under credit reform. This resulted in the transfer of Title I ocean freight differential to the P.L. 480 grant account and the need for a separate appropriation for Title I ocean freight differential. Estimated fiscal year 1991 ocean freight differential costs are \$51,150,000 but this amount is reflected in the fiscal year 1991 Title I/III appropriation of \$314,853,000 and is not separately identified. An estimated 2.5 million metric tons (grain-equivalent) is expected to be shipped in fiscal year 1992 as compared to 2.8 million metric tons in fiscal year 1991.
 - (b) A decrease of \$69,000,000 in amounts for financing commodities supplied in connection with dispositions abroad (Title II) (\$696,000,000 available in 1991). This decrease mainly reflects the expectation that commodity unit prices will be lower in fiscal year 1992. Anticipated commodity shipments are 2.0 million metric tons (grain-equivalent) in 1991 and 1992.
 - (c) An increase of \$309,200,000 in amounts for financing commodities supplied connection with dispositions abroad (Title III) (\$0 available in 1991). This increase reflects a legislative change under the FACT Act that authorizes a new Title III Food for Development program. As a result, a separate appropriation for Title III is requested for fiscal year 1992. Estimated shipments are 1.4 million metric tons (grain-equivalent).

Program costs consist of the export value of commodities shipped, authorized ocean freight differential costs for shipments made in U.S. flag vessels, and authorized ocean freight financing expenses.

Following is a breakdown of expenses of shipments by commodity for the fiscal years 1990, 1991, and 1992. (NOTE--Credits (-) shown for initial payments to exporters are authorized by Sec. 103(k) of Title I. These initial payments are made directly to the exporters by the importers. The Corporation does not receive these payments. Initial payments are not authorized after Jan. 1, 1991):

Public Law 480, Title I
Expenses of shipments--Sales for foreign currencies and for dollars on credit terms, 1990-1992:

Commodity	Unit of Measure	1990 Actual		1991 Estimated		1992 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushe1	13,575,870	\$38,408,387	13,631,776	\$39,800,000	5,730,337	\$15,300,000
Wheat and products.....	bu. eq.	88,813,252	341,740,859	81,794,335	287,900,000	73,352,260	259,900,000
Rice, milled.....	cwt.	3,819,978	52,905,694	3,153,226	39,100,000	2,706,714	38,300,000
Cotton, upland.....	bale	85,471	31,717,381	17,000	7,000,000	23,288	8,500,000
Vegetable oil products.....	pound	582,547,903	144,468,874	281,781,451	56,200,000	364,444,786	86,900,000
Tallow.....	pound	107,613,145	15,846,832	96,992,481	12,900,000	56,913,828	8,520,000
Dry edible beans.....	cwt.	---	---	220,400	6,700,000	---	---
Wood.....	Met.Ton	28,104	4,291,805	13,000	5,000,000	---	---
Ocean freight financing.....		---	---	---	7,950,000	---	---
Initial payment to exporters		---	---	---	-2,200,000	---	---
Total commodity costs....		---	629,379,832	---	460,350,000	---	417,420,000
Ocean transportation.....	Met.Ton	a/ 3,224,729	20,242,268	b/ 2,769,326	51,150,000	b/ 2,440,373	46,380,000
Total expenses of shipment...		---	649,622,100	---	511,500,000	---	463,800,000
a/ Based on 50.0 percent of tonnage on U.S. flag vessels at average rate.					Includes \$1,118,852 for ocean transportation financing.		
b/ Based on 50.0 percent of tonnage on U.S. flag vessels at average rate.							

Costs financed include payment to the Corporation for its investment in commodities made available, including acquisition costs, storage, processing and packaging, inland transportation, and handling charges. Commodities supplied from the Corporation's inventory, if acquired under a price support program, are valued at a price not greater than the export market price at the time of delivery. Costs of ocean transportation are paid from U.S. ports to designated ports of entry abroad, or designated points of entry in landlocked countries, as well as any foreign currencies purchases for use in self-help activities. The following table shows estimated expenses of shipments of commodities for fiscal years 1990, 1991, and 1992:

Public Law 480, Title II

Expenses of shipments-- Commodities supplied in connection with dispositions abroad, 1990-1992:

Commodity	Unit of Measure	1990 Actual		1991 Estimated		1992 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel	8,930,540	\$26,369,496	5,007,129	\$14,749,000	5,683,143	\$15,149,000
Corn products.....	pound	157,256,043	14,190,968	181,231,667	17,878,000	180,410,579	16,092,000
Grain sorghum.....	bushel	844,821	2,571,125	1,628,644	4,469,000	2,926,344	7,358,000
Sorghum products.....	pound	19,686,052	2,009,348	78,827,160	8,939,000	88,979,008	9,325,000
Oat products.....	pound	---	-882	---	---	---	---
Total feed grains.....		---	45,140,055	---	46,035,000	---	47,924,000
Wheat.....	bushel	31,803,573	139,807,702	28,540,549	89,389,000	26,589,557	87,586,000
Wheat flour.....	pound	219,654,586	24,938,099	319,630,513	26,817,000	239,926,199	26,008,000
Bulgur.....	pound	396,855,199	39,687,432	487,061,254	35,755,000	422,590,450	32,462,000
Other wheat products.....	pound	43,816,118	7,315,989	---	---	---	---
Total wheat and products..	bu.equ.	46,449,602	211,749,222	46,432,972	151,961,000	41,284,176	146,056,000
Rice, milled.....	cwt.	3,561,902	51,997,505	3,188,327	49,164,000	2,574,912	36,435,000
Beans, dry edible.....	cwt.	224,284	7,924,640	591,142	14,749,000	497,928	11,293,000
Blended food products.....	pound	421,625,818	56,191,708	347,431,323	50,952,000	424,641,117	58,509,000
Peas.....	pound	153,783,576	27,550,077	48,474,331	6,704,000	35,278,380	4,879,000
Butter.....	pound	---	432	---	---	---	---
Butter oil.....	pound	---	1,241	---	---	---	---
Milk, nonfat dry.....	pound	---	-360,446	---	---	---	---
Total dairy products.....		---	-358,773	---	---	---	---
Vegetable oil products.....	pound	262,420,957	87,580,662	339,287,591	116,206,000	225,161,660	78,694,000
Lentils.....	pound	---	17,884	55,981,964	11,174,000	46,127,255	9,207,000
Total commodity costs.....		---	487,792,980	---	446,945,000	---	392,997,000
Ocean transportation.....	met.ton	2,045,428	249,308,134	1,959,498	249,055,000	1,836,544	234,003,000
Total expenses of shipment..		---	737,101,114	---	696,000,000	---	627,000,000

Public Law 480, Title III
Expenses of shipments--Commodities supplied in connection with dispositions abroad, 1990-1992:

Commodity	Unit of Measure	1990 Actual		1991		Estimated		1992 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:									
Corn.....	bushel	---	---	2,779,661	\$8,200,000	3,558,052	\$9,500,000		
Wheat and products.....	bu. eq.	---	---	55,971,085	179,900,000	41,830,265	145,400,000		
Rice, milled.....	cwt.	---	---	1,588,846	24,500,000	1,519,435	21,500,000		
Cotton, upland.....	bale	---	---	---	---	13,151	4,800,000		
Vegetable oil products.....	pound	---	---	239,427,477	54,500,000	200,269,597	47,700,000		
Tallow.....	pound	---	---	37,414,966	5,500,000	32,064,128	4,800,000		
Dry edible beans.....	cwt.	---	---	---	---	---	---		---
Wood.....	Met. Ton	---	---	---	---	---	---		---
Allocated-no commodity designation.....	Met. ton	---	---	---	---	---	---		---
Total commodity costs.....		---	---	---	272,600,000	---	233,700,000		
Ocean transportation.....	Met. Ton	---	---	1,742,727	95,900,000	1,373,050	75,500,000		
Total expenses of shipment..		---	---	---	368,500,000	---	309,200,000		

Public Law 480 Title I
Proposed Country Allocations

COUNTRY	FISCAL YEAR 1991	FISCAL YEAR 1992
Congo	2,000,000	2,000,000
Costa Rica	15,000,000	10,000,000
Cote D'Ivoire	5,000,000	10,000,000
Dominican Republic	---	10,000,000
Egypt	150,000,000	150,000,000
El Salvador	35,000,000	30,000,000
Guatemala	18,000,000	15,000,000
Guyana	7,000,000	5,000,000
Hungary	7,500,000	---
Jamaica	30,000,000	30,000,000
Morocco	35,000,000	35,000,000
Nicaragua	36,100,000 ^{1/}	25,000,000
Pakistan	20,000,000	20,000,000
Panama	15,000,000 ^{2/}	---
Philippines	20,000,000	20,000,000
Sierre Leone	5,000,000	5,000,000
Sri Lanka	12,300,000	5,000,000
Tunisia	15,000,000	10,000,000
Zaire	16,000,000	---
Reserve	<u>18,650,000</u>	<u>35,420,000</u>
Total Allocation	462,550,000	417,420,000
Initial payment	<u>-2,200,000</u>	<u>---</u>
Net Allocation	460,350,000	417,420,000

1/ Includes \$6.4 million for ocean freight financing for Food for Progress.

2/ Includes \$1.6 million for ocean freight financing for Food for Progress.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Purpose Statement

The Agricultural Stabilization and Conservation Service (ASCS) was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020-15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241-273) is the legislative authority for this program. The Food Security Act of 1985, enacted on December 23, 1985, provided for changes to several existing programs and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation. The Disaster Assistance Acts of 1988 and 1989, enacted August 11, 1988, and August 14, 1989, respectively, provided for disaster assistance to eligible producers who experienced in 1988 and 1989 livestock or crop losses due to damaging weather or related conditions. The Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act), enacted on November 28, 1990, extended and revised existing programs and provided several new programs.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected ASC county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 50 ASC State committees, an ASC committee in Puerto Rico, and 3,053 county committees. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation (CCC). Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on non-licensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

Permanent, full-time, end-of-year Federal employment for ASCS for fiscal years 1990, 1991, and 1992 is as follows:

<u>Federal Employment</u>	<u>FY 1990 (actual)</u>	<u>FY 1991 (est.)</u>	<u>FY 1992 (est.)</u>
Washington	642	661	661
Field Offices (States, Kansas City field offices, and Aerial Photography Field Office)	<u>2,356</u>	<u>2,431</u>	<u>2,440</u>
TOTAL FEDERAL	<u>2,998</u>	<u>3,092</u>	<u>3,101</u>
ASCS county office staff-years	<u>16,010</u>	<u>16,801</u>	<u>16,957</u>

Following are the principal programs and funding related to ASCS operations:

1. Salaries and Expenses Account. The administrative expenses of Agency programs and other functions assigned to ASCS are funded by this account. The account was established by the Agricultural Appropriation Act of 1963 (P.L. 87-879) to simplify budgetary and accounting requirements and recordkeeping. Salaries and expenses for administering commodity price support, related CCC programs, warehouse examinations, conservation, and all other programs are financed by funds transferred from the CCC, by user fees, and by various transfers, advances, and reimbursements. The Agricultural Appropriation Act of 1964 (P.L. 88-250) authorized the merger of all sources of administrative expense funds, including those transferred from CCC.
2. Conservation Reserve Program. The Conservation Reserve Program (CRP) was mandated by sections 1231-1244 of the Food Security Act of 1985 (P.L. 99-198), as amended by sections 1411-1499 of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624), to establish permanent cover on highly erodible or environmentally sensitive cropland. The primary objectives of the CRP are to help farmers obtain environmental improvements by reducing erosion, enhancing water quality, and improving wildlife habitat.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the following eligibility criteria:

- o belonging to land capability class VI through VIII,
- o having an erosion index greater than 8 with soil loss above the tolerance ("T") level,
- o eroding at three times "T" or more,
- o eroding at twice "T" if there is serious gully erosion or if trees are planted,
- o being subject to scour erosion, or
- o belonging to a conservation priority area, designated "319" area, or salinity problem area.

Up to 44 million acres of eligible land may be entered into the reserve. The program is administered by State and local ASC committees working under the direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, State forestry agencies, the Cooperative Extension Service, conservation districts and other appropriate agencies.

In exchange for entering land into the reserve, program participants will receive annual rental payments in cash or CCC commodities, or a combination of both, based on their accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers will receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage. The services and facilities of the CCC are used to issue CRP payments, with annual appropriations provided in advance.

3. Agricultural Conservation Program. This program is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (P.L. 74-46), as amended and supplemented; sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (P.L. 91-524), as added by the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86); section 1501 of the Food and Agriculture Act of 1977 (P.L. 95-113); and the Energy Security Act of 1980 (P.L. 96-294). The program's primary objective is to conserve the nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. The ACP focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Through the ACP, farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is done in consultation with National, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Extension Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation practices. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

4. Wetlands Reserve Program. The Wetlands Reserve Program is authorized by Title XIV, Section 1438 of the 1990 FACT Act (P.L. 101-624). The primary objectives of the program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory waterfowl.

The Secretary of Agriculture, through designated ASCS county offices, will use program funds requested in the 1992 Budget to enter into agreements with landowners that operate farmed or converted wetlands, farmed wetland or prior converted and adjoining land in CRP or riparian corridors. The agreements are for perpetual easements. Technical assistance is provided by the Soil Conservation Service.

Program participants will receive lump-sum payments or payments over a specified number of years for wetlands easements, and payments for cost-share assistance for carrying out conservation measures and practices.

5. Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for a 70-percent Federal cost-share rate with reimbursement of 30 percent of ASCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of 49 percent. The program will be carried out in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Nevada, Utah, and Wyoming.

6. Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313), as amended by Title XII of the Food, Agriculture, Conservation, and Trade Act of 1990. Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.
7. Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559), enacted December 1970, as amended by P.L. 96-182, enacted January 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning. Ten-year agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established by the ASC State committee based on prevailing local land values. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

8. Emergency Conservation Program. This program is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334). Its objective is to restore to normal agricultural use farmlands damaged by wind erosion, hurricane, flood, or other natural disaster and designated as eligible for assistance by ASC county committees. Also included under the program are water conservation and water enhancement practices during periods of severe drought as determined by the ASCS Deputy Administrator for State and County Operations. Up to 64 percent of the cost of carrying out approved practices under this program is shared with farmers.
9. Rural Clean Water Program. This experimental program was authorized by the Agricultural Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528). The program is a cooperative endeavor among farmers, various USDA agencies, and EPA to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. Improved water quality is achieved, in keeping with water quality goals and standards, in a cost effective manner. The program provides 3- to 10-year financial and technical assistance for the installation and maintenance of practices to control water pollution on agricultural lands in selected project areas. Treatment measures for each farm are based on an approved water quality plan. The last RCWP contracts were signed in January 1990, and installation of practices is expected to be completed in most projects by the end of 1992. The effectiveness of these practices in reducing pollutants is being evaluated.

10. Dairy Indemnity Program. This program was established by section 3 of P.L. 90-484, "An Act to provide indemnity payments to dairy farmers." This law carried out the intent of P.L. 88-452, Economic Opportunity Act of 1964, which originally authorized indemnity payments. The program was extended through September 30, 1995, by section 110 of the Food, Agriculture, Conservation, and Trade Act of 1990. Under this program, indemnity payments are made to farmers and manufacturers who are directed to remove their milk or milk products from commercial markets because of (1) residues of chemicals that have been registered and approved by the Federal Government, (2) residues of other chemicals and toxic substances, or (3) nuclear fallout. The authority also provides indemnity payments on cows producing such milk.
11. Commodity Credit Corporation Program Activities. Various commodity price support, export, and related programs have been authorized in numerous laws since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are used in the administration of the CCC programs. The Administrator of ASCS is ex-officio Executive Vice President of the Corporation. Additional information on the commodity price support, export, and related activities of the Commodity Credit Corporation is found elsewhere in these Explanatory Notes.
12. Foreign Assistance Programs and Other Special Activities. Various foreign assistance programs and other special activities are authorized by law. These laws authorize the use of CCC funds and facilities to implement the programs. Under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by section 1512 of the Food, Agriculture, Conservation, and Trade Act of 1990, the Corporation finances the sale of exported agricultural commodities (Title I), donates commodities to foreign countries in times of famine or other emergencies in order to combat malnutrition (Title II), and furnishes commodities to least developed countries through government-to-government agreements (Title III). Funds for these programs are made available to the Corporation for its costs incurred or to be incurred in connection with these activities. Additional information on these programs is found elsewhere in these Explanatory Notes.
13. Other Activities. The Agricultural Stabilization and Conservation Service is responsible for part of the Department's emergency preparedness work. This activity includes defense readiness for food production; domestic distribution of farm machinery, fertilizer, feed, and seed; food processing and storage; and distribution through the wholesale level. ASCS also performs certain services for other Federal agencies and others on an advance or reimbursable payment basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Available Funds and Staff-Years
1990 Actual and Estimated 1991 and 1992

Item	1990 Actual		1991 Estimated		1992 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries & Expenses, ASCS:						
Transfer from Rental Payments..	\$108,000	)	--	)	--	)
Transfer from CCC.. P.L. 101-302	623,732,000	)	\$717,306,000a/	)	\$769,736,000b/	)
(Disaster Pay- ments to Sugar Producers).....	11,000,000	)	--	)	--	)
Total, Salaries and Expenses, ASCS.....	634,840,000	2,987	717,306,000	3,041	769,736,000	3,038
Agricultural Conserva- tion Program.....	182,369,000		190,152,000		183,024,000	
Wetlands Reserve Program.....	--		--		124,350,000	
Colorado River Basin Salinity Control Program.....	10,341,000		14,783,000		14,783,000	
Conservation Reserve Program.....	1,010,978,000		1,314,926,000		1,642,760,000	
Dairy Indemnity Program.....	5,000		5,000		--	
Forestry Incentives Program.....	12,446,000		12,446,000		12,446,000	
Water Bank Program....	12,240,000		13,620,000		11,395,000	
Emergency Conservation Program.....	29,927,000		10,000,000		--	
Subtotal, ASCS.....	1,893,146,000	2,987	2,273,238,000	3,041	2,758,494,000	3,038
Obligations under other USDA appropriations..	41,652,000	265	38,894,000	263	39,702,000	257
Total Agriculture and Related Agencies Appropriations.....	1,934,798,000	3,252	2,312,132,000	3,304	2,798,196,000	3,295
Credit Reform Transfers P.L. 480 Program						
Account.....	--		--		589,000	10
CCC Loans Program						
Account.....	--		--		573,000	10
Total Credit Reform Transfers.....	--		--		1,162,000	20
Other Federal Funds....	581,000	1	673,000	2	694,000	2
Non-Federal Funds.....	21,719,000	44	25,303,000	59	17,703,000	48
Total, Agricultural Stabilization and Conservation Service.	1,957,098,000	3,297	2,338,108,000	3,365	2,817,755,000	3,365

a/ Includes \$86,900,000 supplemental request to cover increased administrative costs for fiscal year 1991 due to increased county office workload as a result of implementation of the FACT Act and to cover other operating expenses associated with existing programs.

b/ Excludes \$1,162,000 for credit reform administrative expenses, which are shown as transfers from the appropriate program/activity elsewhere in this table.

Full-Time Equivalent Staff- Years:	1990 <u>Actual</u>	1991 <u>Estimated</u>	1992 <u>Estimated</u>
Ceiling.....	3,297	3,365	3,365
Non-ceiling.....	64	87	87
Total.....	<u>3,361</u>	<u>3,452</u>	<u>3,452</u>

Note: Staff-years shown do not include staff-years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal employees.

ASCS county employee staff-years are as follows:

FY 1990 - 16,010
FY 1991 - 16,801
FY 1992 - 16,957

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES 6	1	0	1	1	0	1	1	0	1
ES 5	2	1	3	3	2	5	3	2	5
ES 4	7	1	8	7	0	7	7	0	7
ES 3	3	0	3	3	0	3	3	0	3
ES 2	1	0	1	2	0	2	2	0	2
ES 1	4	0	4	2	0	2	2	0	2
GS/GM 15	47	31	78	49	34	83	49	34	83
GS/GM 14	82	55	137	86	61	147	86	63	149
GS/GM 13	137	213	350	143	222	365	143	224	367
GS 12	82	644	726	89	665	754	89	667	756
GS 11	33	323	356	36	339	375	36	341	377
GS 10	1	7	8	1	9	10	1	9	10
GS 9	31	142	173	31	146	177	31	147	178
GS 8	9	17	26	9	18	27	9	18	27
GS 7	62	254	316	62	259	321	62	259	321
GS 6	59	141	200	59	143	202	59	143	202
GS 5	36	355	391	35	359	394	35	359	394
GS 4	19	110	129	18	112	130	18	112	130
GS 3	14	24	38	13	24	37	13	24	37
GS 2	4	2	6	4	2	6	4	2	6
GS 1	0	1	1	0	1	1	0	1	1
Ungraded Positions:	8	35	43	8	35	43	8	35	43
Total Permanent Positions . . .	642	2,356	2,998	661	2,431	3,092	661	2,440	3,101
Staff-years:									
Ceiling	653	2,644	3,297	669	2,696	3,365	674	2,691	3,365
Non-Ceiling ..	9	55	64	14	73	87	14	73	87
TOTAL	662	2,699	3,361	683	2,769	3,452	688	2,764	3,452

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

CLASSIFICATION BY OBJECTSAgency Summary1990 and Estimated 1991 and 1992

Personnel Compensation:	<u>1990</u>	<u>1991</u>	<u>1992</u>
Headquarters	\$25,986,000	\$27,784,000	\$29,528,000
Field	<u>73,792,000</u>	<u>79,477,000</u>	<u>83,742,000</u>
11 Total personnel compensation	99,778,000	107,261,000	113,270,000
12 Personnel Benefits	19,826,000	21,955,000	23,450,000
13 Benefits for former personnel	<u>599,000</u>	<u>646,000</u>	<u>677,000</u>
Total pers. comp. and benefits	<u>120,203,000</u>	<u>129,862,000</u>	<u>137,397,000</u>
Other Objects:			
21 Travel	5,097,000	6,189,000	6,006,000
22 Transportation of things	1,380,000	1,680,000	1,773,000
23.2 Rental payments to others.....	3,889,000	4,847,000	5,258,000
23.3 Communications, utilities, and misc. charges.....	12,973,000	24,206,000	24,969,000
24 Printing and reproduction	2,775,000	3,504,000	3,652,000
25 Other services	24,463,000	27,049,000	48,500,000
26 Supplies and materials	3,941,000	5,044,000	5,158,000
31 Equipment	919,000	1,425,000	1,307,000
41 Grants, subsidies, <u>a/</u> and contributions ..	2,213,698,000	2,622,011,000	2,672,313,000
41.2 Disaster Payments - Sugar.....	11,000,000	-0-	-0-
42 Insurance claims and indemnities	5,000	17,000	22,000
43 Interest and dividends	4,000	8,000	8,000
44 Refunds	<u>48,000</u>	<u>55,000</u>	<u>55,000</u>
Total other objects.....	<u>2,280,192,000</u>	<u>2,696,035,000</u>	<u>2,769,021,000</u>
Total direct obligations....	<u>2,400,395,000</u>	<u>2,825,897,000</u>	<u>2,906,418,000</u>

a/ County office staff-year costs are included here.

Position Data:

Average Salary, ES positions	77,990	98,855	102,562
Average Salary, GS/GM positions	33,464	35,200	37,184
Average Grade, GS/GM positions	9.58	9.64	9.65

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); and laws pertaining to the Commodity Credit Corporation, not to exceed [~~\$630,406,000~~] \$769,736,000, to be derived by transfer from the Commodity Credit Corporation fund: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

Agricultural Stabilization and Conservation Service

SALARIES AND EXPENSES

		Transfer from Commodity Credit Corporation	
Appropriation Act, 1991.....		\$630,406,000	
Budget Estimate, 1992.....		<u>769,736,000</u>	a/
Increase in Transfer.....		<u>+139,330,000</u>	
Adjustments in 1991			
Appropriation Act, 1991.....	\$630,406,000		
1991 Supplemental for FACT Act and Administration of Existing Programs..	<u>+86,900,000</u>		
Adjusted Base for 1991.....		717,306,000	
Budget Estimate, 1992.....		<u>769,736,000</u>	
Increase from adjusted 1991.....		<u><u>+52,430,000</u></u>	

a/ Excludes Credit Reform transfers from other accounts of \$1,162,000.

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Administration of FACT Act Programs</u>	<u>1992 Estimated</u>
Salaries and Expenses	\$717,306,000	+\$26,645,000	+\$25,785,000	\$769,736,000

PROJECT STATEMENT
(On basis of adjusted CCC transfer)

	1990 Actual		1991 Estimated		Increase or Decrease	1992 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Program for- mulation and appraisal....	\$23,075,000:	110:	\$26,531,000:	112:	+\$1,941,000:	\$28,472,000:	112
2. Operation of supply ad- justment, conservation and price support pro- grams.....	536,333,000:	2,565:	616,666,000:	2,610:	+45,105,000:	661,771,000:	2,608
3. Inventory management and merchan- dising.....	64,235,000:	307:	73,856,000:	313:	+5,402,000:	79,258,000:	312
4. Warehouse examination..	197,000:	5:	253,000:	6:	-18,000:	235,000:	6
5. Disaster Payments to Sugar Pro- ducers.....	11,000,000:	:	:	:	:	:	:
Total available or estimate..	634,840,000:	2,987:	717,306,000:	3,041:	+52,430,000:	769,736,000:	3,038
Transfer from CCC transfer authority....	-623,232,000:	-2,987:	-630,406,000:	-3,041:	-139,330,000:	-769,736,000:	-3,038
Portion not drawn down...	-500,000:	--:	--:	--:	--:	--:	--
P.L. 101-302 (Disasaster Payments)	-11,000,000:	--:	--:	--:	--:	--:	--
Transfer from Rental Pay- ments.....	-108,000:	--:	--:	--:	--:	--:	--
Proposed Supplemental for Admin. of FACT Act and Existing Programs....	:	:	-86,900,000:	:	+86,900,000:	--:	--
Total, Appropriation.	-0-	-0-	-0-	-0-	-0-	-0-	-0-

JUSTIFICATION OF INCREASE

An increase of \$52,430,000 for ASCS farm program administration (\$717,306,000 available in fiscal year 1991 which includes a supplemental request of \$86,900,000) consisting of:

- (a) An increase of \$26,645,000 for pay costs: \$5,457,000 for annualized fiscal year 1991 pay costs and \$21,188,000 for fiscal year 1992 at a rate of 5.0 percent.
- (b) An increase of \$25,785,000 related to maintaining the operating costs and staff levels provided in fiscal year 1991 and to provide funding and increased staff-years for administering the first full year of the Food, Agriculture, Conservation, and Trade Act of 1990, enacted November 28, 1990. Workload increases include but are not limited to implementation of the Wetland Reserve Program, marketing loan activity, and increased compliance requirements related to the triple base/flex option for commodity programs.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects the transfer of CCC funds used to carry out specific programs. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account. Beginning in 1992, transfers from other accounts for Credit Reform administrative expenses will also be merged with this account. These transfers consolidate all administrative funds used by ASCS into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.

2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) processing annual Dairy Termination Program payments and issuing checks; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.

3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities.

The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- o Agricultural exports
- o Environmental improvement and resource development and use
- o Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

The following tabulation shows totals in this account for administrative expenses:

Project	1990 Actual	1991 Estimated	1992 Estimated
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal....	\$25,592,000	\$28,639,000	\$30,364,000
2. Operation of supply adjustment, conservation, & price support programs..	594,846,000	665,661,000	712,295,000
3. Inventory management & merchandising.	71,243,000	79,724,000	77,996,000
4. Warehouse examination.....	6,611,000	8,152,000	7,595,000
Total.....	698,292,000	782,176,000	828,250,000
Obligations under direct appropriation and CCC transfers:			
ASCS.....	634,340,000	717,306,000	769,736,000
Obligations under funds from other sources and consolidated with this account	63,952,000	64,870,000	58,514,000
Total.....	698,292,000	782,176,000	828,250,000

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,678 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work-days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1990, divided by the actual work-years, determined the average work-year cost for 1990. This cost was revised for 1991 and 1992 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

COMPUTATIONS FOR DEVELOPING
COUNTY OFFICE AND TOTAL COSTS

The computations below include all funds (CCC transfers, user fees, other advances and reimbursements, and transfers from other agencies) available to Salaries and Expenses, ASCS:

Fiscal Year 1990

Normal work-days (Table I).....		4,162,568
Work-years for workload programs.....	a/	16,010
Obligations for workload programs (county offices).....	a/	\$495,892,000
Disaster payments to sugar producers.....		\$11,000,000
Obligations for other offices.....		\$191,400,000
Total obligations, fiscal year 1990.....		\$698,292,000

Fiscal Year 1991

Normal work-days (Table I).....		4,368,141
Work-years for workload programs.....	a/	16,801
Obligations for workload programs (county offices).....	a/	\$561,363,000
Obligations for other offices.....		\$220,813,000
Total obligations, fiscal year 1991.....		\$782,176,000

Fiscal Year 1992

Normal work-days (Table I).....		4,408,842
Work-years for workload programs.....	a/	16,957
Obligations for workload programs (county offices).....	a/	\$598,822,000
Obligations for other offices.....		\$230,175,000
Total obligations, fiscal year 1992.....		\$828,997,000

NOTE: The above computations include all funds (CCC transfers, user fees, and other advances and reimbursements) available to Salaries and Expenses, ASCS, including a proposed supplemental of \$86,900,000 in FY 1991.

a/ The following work-years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

<u>FY 1990</u>		<u>FY 1991</u>		<u>FY 1992</u>	
<u>Work-</u>		<u>Work-</u>		<u>Work-</u>	
<u>Years</u>	<u>Dollars</u>	<u>Years</u>	<u>Dollars</u>	<u>Years</u>	<u>Dollars</u>
FCIC	263 \$6,938,582	194 \$5,214,607		194 \$5,433,841	

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work-Days by Program/Function
FY 1990 Actual, FY 1991 Estimated and FY 1992 Projected

Program/Function	FISCAL YEAR		
	1990 Actual	1991 Estimated	1992 Projected
Conservation and Related Programs.....	350,892	510,589	537,561
Wool and Mohair.....	16,723	16,907	17,236
Loan Activity.....	216,942	262,417	274,972
Compliance.....	782,045	850,327	876,196
Yields and Bases Establishment.	188,674	164,721	152,164
Commodity Program Payments.....	597,741	453,967	443,844
Basic Farm Records.....	367,298	450,562	482,437
Peanut Quotas and Marketings...	24,072	24,500	24,500
Tobacco Allotments and Marketings.....	68,352	73,373	73,373
Referenda.....	644	7,000	4,172
Administration.....	1,045,483	1,084,183	1,083,323
Committee Elections.....	36,069	36,750	35,000
Unmeasured.....	224,298	199,710	167,892
Measurement Services.....	158,849	167,963	171,000
State and County Office Automation Project.....	14,909	14,635	14,635
Subtotal.....	4,092,991	4,317,604	4,358,305
FCIC and Reinsured Companies...	69,577	50,537	50,537
Total.....	4,162,568	4,368,141	4,408,842
County Staff Year Equivalent of Normal Workdays.....	16,010	16,801	16,957

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	FY 1990 Actual	FY 1991 Estimated	FY 1992 Estimated
1. <u>LOANS MADE</u>			
Upland Cotton (bales)	3,699	3,775	5,350
Corn (bu)	916,603	903,100	900,000
Grain Sorghum (bu)	19,644	33,900	45,000
Rice, Rough (cwt)	134,519	150,191	162,683
Wheat (bu)	263,375	346,000	369,000
Soybeans (bu)	208,827	215,000	295,000
Other Grains (bu)*	36,556	23,600	34,400
Honey (lb)	195,933	179,503	188,179
ELS Cotton (bales)	11	20	40
2. <u>LOAN COLLATERAL FORFEITURES</u>			
Upland Cotton (bales)	65	0	0
Corn (bu)	260,433	366,183	0
Grain Sorghum (bu)	11,931	11,091	0
Rice, Rough (cwt)	341	0	114
Wheat (bu)	54,968	60,001	0
Soybeans (bu)	56	10	0
Other Grains (bu)*	5,514	504	0
Honey (lb)	12,248	9,727	14,060
ELS Cotton (bales)	1	0	0
3. <u>DISPOSITIONS</u>			
Upland Cotton (bales)			
Regular	53	27	0
Certificates	164	0	0
Total	<u>217</u>	<u>27</u>	<u>0</u>
Corn (bu)			
Regular	84,032	100,308	16,949
Certificates	496,046	256,000	144,000
Total	<u>580,078</u>	<u>356,308</u>	<u>160,949</u>
Grain Sorghum (bu)			
Regular	29,349	30,829	12,709
Certificates	170,044	95,000	20,000
Total	<u>199,393</u>	<u>125,829</u>	<u>32,709</u>
Rice, Rough (cwt)			
Regular	8,184	3,302	2,673
Certificates	9,182	0	0
Total	<u>17,366</u>	<u>3,302</u>	<u>2,673</u>

(continued next page)

TABLE II (continued)

Item and Commodity	FY 1990 Actual	FY 1991 Estimated	FY 1992 Estimated
<u>DISPOSITIONS (cont.)</u>			
Wheat (bu)			
Regular	64,474	43,544	26,430
Certificates	69,002	17,229	0
Total	<u>133,476</u>	<u>60,773</u>	<u>26,430</u>
Soybeans (bu)			
Regular	1,101	55	0
Certificates	(337)	0	0
Total	<u>764</u>	<u>55</u>	<u>0</u>
Other Grains (bu)*			
Regular	26,811	6,398	3,600
Certificates	15,399	2,600	2,708
Total	<u>42,210</u>	<u>8,998</u>	<u>6,308</u>
Honey (1b)			
Regular	51,294	20,500	15,000
Certificates	(8)	0	0
Total	<u>51,286</u>	<u>20,500</u>	<u>15,000</u>
ELS Cotton (bales)	0	0	0
4. <u>ENDING INVENTORIES</u>			
Upland Cotton (bales)	27	0	0
Corn (bu)	241,735	271,610	110,661
Grain Sorghum (bu)	169,176	55,638	22,929
Rice, Rough (cwt)	55	0	0
Wheat (bu)	130,195	147,000	147,000
Soybeans (bu)	45	0	0
Other Grains (bu)*	14,752	6,308	0
Honey (1b)	18,741	7,168	5,428
ELS Cotton (bales)	0	0	0

*Includes barley, oats, and rye.

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform is reaching the end of its system life. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

ASCS is in the process of identifying agency needs and technologies required to meet the needs into the early 2000's. This effort has been entitled System Technology and Telecommunications Enhancement Program (STEP). Proposed ADP equipment acquisitions will occur after FY 1993. However, contractor support will be used during FY 1992.

Continued expansion and use of personal computers and related productivity tools are reflected in FY 1992.

Contractor assistance is being utilized for developing, implementing, and operating the processed commodities inventory system, tobacco automation and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling \$24,226,000 in fiscal year 1992 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission essential enhancements for SCOAP equipment are estimated at \$13,200,000. Purchase of hardware and related software necessary to maintain present operation status for the CCC Computer Facility headquarters and field offices, are estimated at \$1,900,000. The purchase of personal computers and related productivity tools is estimated at \$5,353,000. The remaining \$3,773,000 is for the purchase of equipment including software and peripherals needed by ASCS in support of IRM objectives.

CONGRESSIONAL DIRECTIVE

In accordance with a Congressional directive requesting that the Explanatory Notes reflect a division between administrative costs for regular conservation programs and all other ASCS activities, the estimated fiscal year 1992 administrative cost for conservation, excluding the Conservation Reserve and Wetland Reserve Programs, is \$44,629,000.

This cost estimate includes all conservation administrative costs associated with activities previously funded through direct appropriation. For fiscal year 1991, this estimate reflects costs for administering carryover activities as well as new funds for Agricultural Conservation Program activities including water quality initiatives, the Water Bank Program, the Forestry Incentives Programs, and the Colorado River Basin Salinity Control Program.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
Geographic Breakdown of Obligations and Staff-Years
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimate	1992 Estimate
Alabama	\$12,495,099	\$14,235,527	\$15,345,588
Alaska	514,145	585,759	631,436
Arizona	2,365,854	2,695,391	2,905,573
Arkansas	12,265,606	13,974,067	15,063,740
California	7,335,922	8,357,733	9,009,455
Colorado	7,535,867	8,585,529	9,255,013
Connecticut	1,129,740	1,287,100	1,387,466
Delaware	879,562	1,002,075	1,080,215
District of Columbia	68,622,000	85,322,000	88,471,000
Florida	6,774,499	7,718,111	8,319,955
Georgia	19,245,960	21,926,706	23,636,512
Hawaii	460,957	525,164	566,115
Idaho	7,205,908	8,209,610	8,849,781
Illinois	29,043,276	33,088,679	35,668,876
Indiana	17,955,673	20,456,697	22,051,874
Iowa	32,875,724	37,454,943	40,375,614
Kansas	25,174,385	28,680,895	30,917,380
Kentucky	16,590,529	18,901,404	20,375,302
Louisiana	9,265,442	10,556,015	11,379,154
Maine	2,444,651	2,785,163	3,002,345
Maryland	3,072,065	3,499,969	3,772,891
Massachusetts	1,130,725	1,288,222	1,388,675
Michigan	14,116,330	16,082,577	17,336,668
Minnesota	21,393,155	24,372,981	26,273,544
Mississippi	14,259,148	16,245,288	17,512,067
Missouri	22,066,862	25,140,528	27,100,942
Montana	10,001,201	11,394,257	12,282,761
Nebraska	27,121,635	30,899,375	33,308,853
Nevada	1,083,447	1,234,359	1,330,612
New Hampshire	1,041,094	1,186,107	1,278,597
New Jersey	1,359,234	1,548,560	1,669,314
New Mexico	3,696,524	4,211,409	4,539,807
New York	8,175,101	9,313,800	10,040,074
North Carolina	19,399,612	22,101,761	23,825,217
North Dakota	18,213,730	20,750,698	22,368,801
Ohio	17,333,183	19,747,501	21,287,377
Oklahoma	13,475,127	15,352,061	16,549,187
Oregon	4,484,486	5,109,124	5,507,525
Pennsylvania	9,682,077	11,030,682	11,890,835
Puerto Rico-Virgin Islands	798,796	910,059	981,024
Rhode Island	379,206	432,026	465,714
South Carolina	8,733,568	9,950,056	10,725,944
South Dakota	15,637,096	17,815,168	19,204,364
Tennessee	16,031,077	18,264,026	19,688,223
Texas	44,642,940	50,861,203	54,827,273
Utah	3,034,637	3,457,328	3,726,924
Vermont	1,565,089	1,783,088	1,922,130
Virginia	11,535,756	13,142,558	14,167,391
Washington	5,330,560	6,073,047	6,546,612
West Virginia	5,256,688	5,988,886	6,455,889
Wisconsin	16,543,252	18,847,541	20,317,239
Wyoming	2,565,800	2,923,187	3,151,132
Total Direct Obligations/Estimates	\$623,340,000	\$717,306,000	\$769,736,000
Undistributed Reimbursements	63,952,000	64,870,000	59,261,000
Undistributed Sugar Payments to Producers	11,000,000		
Total, Available Estimate	\$698,292,000	\$782,176,000	\$828,997,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows
(deleted matter enclosed in brackets):

Dairy Indemnity Program

[For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968, as amended (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, \$5,000: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: Provided further, That this amount shall be transferred to the Commodity Credit Corporation: Provided further, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursement.]

The change deletes the appropriation language for the Dairy Indemnity Program since no funds are proposed for fiscal year 1992.

Dairy Indemnity Program

Appropriation Act, 1991	\$5,000
Budget Estimate, 1992	--
Decrease in Appropriation	<u><u>-5,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Indemnity payments to dairy farmers	\$5,000	-\$5,000	--
Indemnity payments to manufacturers of dairy products	--	--	--
Total Available	<u><u>5,000</u></u>	<u><u>-5,000</u></u>	<u><u>--</u></u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	\$112,405	\$100,000	--	\$100,000
Unobligated balance brought forward from prior years .	-858,495	-751,090	+\$95,000	-656,090
Unobligated balance carried forward to next year	751,090	656,090	-100,000	556,090
Total, appropriation or estimate	<u><u>5,000</u></u>	<u><u>5,000</u></u>	<u><u>-5,000</u></u>	<u><u>--</u></u>

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (a) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (b) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended 11 times. Major legislation extending and modifying the program is summarized as follows:

- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.
- The Agriculture and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.
- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk, or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.
- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.
- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.
- The Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, extended authority for the Dairy Indemnity Program through September 30, 1995.

During fiscal year 1991, an estimated \$100,000 will be obligated for payment of claims filed by dairy producers under the program. In fiscal year 1992 sufficient funds will be available to cover expected claims during a normal year of operation.

JUSTIFICATION OF DECREASE

A decrease of \$5,000 for indemnity payments to dairy farmers (\$5,000 available in fiscal year 1991).

Need for Change. It is estimated that unobligated balances carried forward into fiscal year 1992 will be sufficient to satisfy a normal level of claims.

Nature of Change. No new funding for indemnity payments to dairy farmers and manufacturers of dairy products is requested in fiscal year 1992 since sufficient carryover funds are expected to be available.

The following table shows the geographic breakdown of obligations for fiscal years 1990-92.

Dairy Indemnity Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	--	\$947	
Arkansas	\$13,509	--	--
Georgia	4,022	--	--
Illinois	40,503	1,696	--
Indiana	1,299	--	--
Iowa	3,862	--	--
Kansas	3,540	--	--
Missouri	1,492	--	--
Nebraska	2,565	--	--
Oklahoma	-6,855	--	--
South Dakota	1,570	--	--
Texas	45,790	--	--
Wisconsin	1,108	--	--
Undistributed	--	97,357	\$100,000
Total, Available or Estimate	\$112,405	\$100,000	\$100,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program

- For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [~~\$190,152,000~~] \$183,024,000, to remain available until expended (16 U.S.C. 590o), for agreements, ~~excluding~~ including administration but including technical assistance and related expenses (16 U.S.C. 590o), except that no participant in the Agricultural Conservation Program shall receive more than \$3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the
- 1 number of years of the agreement: Provided, That not to exceed \$5,000,000 of this amount may be used for water quality protection practices as authorized in section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 3831 et seq.): Provided further, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amended, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: Provided further, That such assistance will not be used for carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and
 - 2 approval of the State committee, not to exceed [1] 1 1/2 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities" approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913 to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels.

The first change authorizes \$5 million to be used within the ACP for water quality incentive payments and practices as authorized in the 1990 FACT Act.

Revised appropriation language is requested for the Water Quality Incentives Program as follows:

...not to exceed \$5,000,000 of the amount appropriated shall be used for water quality payments and practices in the same manner as permitted under the program for water quality which is authorized by section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990, such amount to remain available until expended for cost-share payments, incentive payments, technical assistance and other disbursements as may be determined to be needed for this purpose; Provided further, That...

The revised language is being requested because the language proposed in the fiscal year 1992 Budget inadvertently excluded authority to make incentive payments.

The second change increases from 1 percent to 1 1/2 percent the maximum that can be transferred to Federal agencies other than Soil Conservation Service for technical assistance.

Agricultural Conservation Program

Appropriation Act, 1991	\$190,152,000
Budget Estimate, 1992	183,024,000
Decrease in Appropriation	<u>-7,128,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to farmers	<u>\$190,152,000</u>	<u>-\$7,128,000</u>	<u>\$183,024,000</u>

PROJECT STATEMENT
(On basis of available funds)

	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to farmers	\$199,132,025	\$217,857,100	-\$34,833,100	\$183,024,000
Unobligated balance brought forward from prior years..	-44,468,125	-27,705,100	+27,705,100	--
Unobligated balance carried forward to next year.....	27,705,100	--	--	--
Total, appropriation or estimate	<u>182,369,000</u>	<u>190,152,000</u>	<u>-7,128,000</u>	<u>183,024,000</u>

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510).

The purpose of the Agricultural Conservation Program (ACP) is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Soil Conservation Service (SCS), Forest Service (FS), and Extension Service (ES).

In contrast to the Conservation Reserve Program, which removes highly erodible and other environmentally sensitive land from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs and other environmental concerns of land that remains in production, including water quality concerns.

The ACP is administered by ASCS through the farmer-elected county committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1988 National Program for Soil and Water Conservation, and related Resources Conservation Act Appraisal updates.

1991 Program

1. Program Direction. The 1991 ACP will be directed toward congressional and executive objectives through continued emphasis on specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.

- Annual Agreements. \$143.252 million will be earmarked for cost-sharing of annual agreements and will be allocated to the States for this purpose.
- Long-Term Agreements. \$20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.
- Variable Cost-Share Level Project. Under this program, cost-share levels are established for erosion control practices on the basis of the severity of the erosion problem and the amount of soil saved. In fiscal year 1990 a total of 393 counties participated in this voluntary project. Results indicate that there are improvements in the cost effectiveness of practices applied under the program. Based on these results, \$2 million will be allocated to continue the program in fiscal year 1991.
- Water Quality Projects. \$23 million will be available to fund priority water quality activities including \$1.8 million for eight additional USDA demonstration projects and \$12.1 million for USDA nonpoint source hydrologic units (\$5 million for ongoing 1990 projects and \$7.1 million for 37 new 1991 projects). Also, \$9.1 million will be available for cost-sharing for ACP practices in State water quality special projects that will produce water quality benefits.
- Method of Allocation. In accordance with administrative policy, the proportionate share of funds allocated to any State for annual agreements will not be reduced more than one percent from the fiscal year 1990 distribution. Distribution to the States will be made according to their conservation needs, as determined by the Secretary.
- Technical Assistance. \$1.9 million is available to the Forest Service and Extension Service for technical assistance relating to forestry practices.

2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committees to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.
3. Practices. The 1991 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASE

A decrease of \$7,128,000 for cost-share assistance to agricultural producers (\$190,152,000 available in fiscal year 1991).

Need for Change. The fiscal year 1992 ACP, in line with the recent National Program for Soil and Water Conservation appraisal, will emphasize soil conservation on farmland, rangeland, and pastureland. The requested funding level of \$183.024 million will address priority traditional soil and water conservation measures and will support the Administration's water quality initiative at a level comparable to the fiscal year 1991 program.

At the requested level of \$183.024 million, conservation practices on a total of 8.7 million acres would prevent approximately 27.1 million tons of soil erosion and save 535,000 acre-feet of water. Other conservation needs such as water quality improvement, forest and rangeland improvement, and wildlife habitat preservation will be addressed.

Nature of Change. The requested level of \$183.024 million would fund the following:

- Water Quality Projects. \$23 million will be allocated to States for water quality projects in line with the Administration's high priority initiative.
 - o \$1.8 million for USDA national demonstration projects. Funding will be provided for the 16 existing 1990 and 1991 projects in fiscal year 1992. Projects will continue to demonstrate area-wide improvement in water quality through adoption of alternative tillage systems, crop rotations, harvesting techniques, and conservation management systems. ASCS will continue to collaborate in the implementation of a coordinated operational plan that includes financial incentives, education, technical assistance, and economic evaluation. ASCS will provide financial incentives through cost-sharing with farmers to accelerate implementation of practices to reduce contamination of groundwater from agricultural chemicals.

- o \$12.1 million for USDA nonpoint source hydrologic units. While no additional projects will be selected in fiscal year 1992, the 74 selected in 1990 and 1991 will continue at the same funding levels as 1991. The hydrologic units were selected based on consideration given to the magnitude of the water quality problem, the type or types of impairment, its solvability, and resources needed. Coordination with nonpoint source water quality planning by State, local, and other Federal agencies was incorporated into the process. ASCS will provide financial incentives through cost-sharing with farmers to achieve water quality improvements within each hydrologic unit.
- o \$9.1 million for ACP special water quality projects. These projects also focus on water quality problems identified by State and local water quality planning agencies. However, the commitment is for a shorter period of time and the comprehensive planning with other USDA agencies is not a requirement.
- Water Quality Incentives Program. Within the ACP, \$5 million is proposed for funding incentive practices on eligible lands to meet water quality standards or goals in the manner permitted under Section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990. Farmers, in addition to receiving cost-sharing for approved practices, will receive incentive payments over a 3-5 year period for implementing a water quality protection plan approved by the Secretary. Appropriation language is included in the 1992 Budget in support of this proposal.
- Annual Agreements. Approximately \$130.694 million will be allocated to States for annual practices with lasting conservation benefits, a decrease of \$12.6 million from the 1991 level.
- Long-Term Agreements. \$20 million will be allocated to States to involve farmers in the multi-year planning approach to conservation benefits.
- Variable Cost-Share Level Project. \$2 million will be earmarked for counties to again participate in this project, which bases cost-share payment levels on the amount of erosion reduction achieved.
- Technical Assistance. Approximately \$2.330 million will be available for technical assistance provided by Forest Service and Extension Service. The fiscal year 1992 budget proposes that the maximum amount which may be transferred for technical assistance to Federal agencies other than Soil Conservation Service will be increased from 1 percent to 1 1/2 percent.

The following tables show (a) outlays for fiscal year 1990 and (b) geographic breakdown of obligations for fiscal years 1990-1992.

Agricultural Conservation Program
Fiscal Year 1990 Outlays by State

State	Outlays
Alabama	4,980,038
Alaska	90,616
Arizona	1,899,991
Arkansas	4,628,810
California	5,572,091
Colorado	4,689,872
Connecticut	400,382
Delaware	186,919
Florida	3,478,527
Georgia	4,815,904
Guam	5,257
Hawaii	644,591
Idaho	3,964,379
Illinois	6,907,842
Indiana	4,374,463
Iowa	6,375,734
Kansas	4,610,936
Kentucky	4,519,981
Louisiana	3,438,224
Maine	2,791,042
Maryland	1,118,146
Massachusetts	585,318
Michigan	4,932,976
Minnesota	4,734,985
Mississippi	5,191,158
Missouri	7,047,456
Montana	4,215,932
Nebraska	4,365,118
Nevada	943,042
New Hampshire	704,214
New Jersey	584,235
New Mexico	2,013,628
New York	5,451,229
North Carolina	3,951,036
North Dakota	3,716,555
N. Mariana Isl.	1,820
Ohio	3,843,080
Oklahoma	3,628,934
Oregon	3,581,199
Pennsylvania	4,932,747
Puerto Rico	454,218
Rhode Island	106,639
South Carolina	2,608,649
South Dakota	3,046,650
Tennessee	4,164,356
Texas	15,278,569
Utah	2,175,916
Vermont	2,686,046
Virginia	3,945,775
Virgin Islands	17,639
Washington	5,065,597
West Virginia	2,388,047
Wisconsin	4,284,205
Wyoming	1,745,222
Undistributed	-5,502
TOTAL	181,880,433

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	5,319,354	5,182,173	4,478,732
Alaska	444,532	251,865	221,842
Arizona	1,661,818	2,893,005	1,647,153
Arkansas	5,264,331	4,435,846	3,986,490
California	4,414,646	6,485,276	4,393,042
Colorado	3,868,436	4,121,875	3,537,093
Connecticut	448,319	339,038	316,101
Delaware	337,696	509,262	169,476
Florida	3,905,623	4,158,960	3,340,959
Georgia	5,851,102	5,098,906	4,698,669
Guam	25,764	44,592	9,521
Hawaii	669,280	997,144	475,104
Idaho	1,285,094	5,189,662	3,014,384
Illinois	8,142,311	4,346,917	5,607,936
Indiana	4,803,736	3,845,797	3,058,181
Iowa	6,359,932	5,867,449	5,430,843
Kansas	4,957,496	5,733,512	4,675,819
Kentucky	4,716,466	4,400,584	3,932,220
Louisiana	4,866,235	3,630,579	3,087,697
Maine	3,355,666	2,482,777	2,098,453
Maryland	1,523,538	914,914	731,221
Massachusetts	735,104	482,733	439,875
Michigan	5,703,040	4,861,021	4,187,385
Minnesota	7,407,306	7,310,081	5,645,068
Mississippi	5,592,974	4,892,545	4,528,241
Missouri	7,582,614	7,232,998	6,461,979
Montana	4,468,887	4,256,030	3,913,177
Nebraska	4,910,370	4,661,989	3,862,716
Nevada	747,414	759,699	700,754
New Hampshire	637,455	672,352	507,475
New Jersey	719,793	598,269	497,954
New Mexico	2,236,349	2,804,823	1,923,265
New York	5,423,870	4,453,451	3,940,789
North Carolina	3,924,542	4,390,078	3,710,378
North Dakota	4,049,595	3,959,341	3,020,097
N. Mariana Isl.	-19,614	110,564	4,761
Ohio	4,674,789	4,432,330	3,573,274
Oklahoma	3,744,984	4,461,390	3,431,409
Oregon	4,597,468	3,653,306	3,164,818
Pennsylvania	4,785,100	4,251,810	3,776,073
Puerto Rico	533,185	592,181	445,588
Rhode Island	124,120	240,754	56,175
South Carolina	3,066,626	2,473,877	2,079,411
South Dakota	2,670,941	2,706,439	2,411,698
Tennessee	5,227,620	3,806,635	3,044,852
Texas	16,814,516	19,015,609	14,512,080
Utah	1,821,452	1,642,103	1,630,015
Vermont	3,035,963	1,091,385	971,154
Virginia	3,664,155	3,002,292	2,803,016
Virgin Islands	9,751	60,595	18,090
Washington	5,587,777	5,125,102	3,933,172
West Virginia	2,419,836	1,871,680	1,727,130
Wisconsin	6,587,853	7,619,409	4,372,095
Wyoming	1,705,627	1,797,110	1,489,100
Undistributed	-5,502	25,734,986 1/	25,000,000 1/
ASCS Subtotal (Includes SCS Tech. Assistance)	197,407,335	215,955,100	180,694,000
Technical Assistance	1,724,690	1,902,000	2,330,000
Total, Available or Estimate	\$199,132,025	\$217,857,100	\$183,024,000

1/ Includes allocations to be issued for water quality, variable cost-share and the national reserve.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, \$14,783,000, to be used for investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees and the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments: Provided further, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

Colorado River Basin Salinity Control Program

Appropriation Act, 1991	\$14,783,000
Budget Estimate, 1992	<u>14,783,000</u>
Change in Appropriation	<u> -- </u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to landowners and others	<u>\$14,783,000</u>	<u> -- </u>	<u>\$14,783,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to landowners and others	\$9,659,365	\$15,780,101	-\$997,101	\$14,783,000
Unobligated balance brought forward from prior years .	-315,466	-997,101	+997,101	--
Unobligated balance carried forward to next year	997,101	--	--	--
Total, appropriation or estimate	<u>10,341,000</u>	<u>14,783,000</u>	<u> -- </u>	<u>14,783,000</u>

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin while supporting the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (USDI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River;
- Their lands or activities in a project area are designated as critical areas or salt sources;
- The conservation district approves the salinity control plan covering the critical areas and salt sources; and
- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS will agree to share with the participant the cost of establishing necessary salinity reduction practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control plan (Project Implementation Plan) includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the on-farm and offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds will be billed by USDI and paid by the States to Treasury. The Upper Basin States and Lower Basin States will contribute 15 percent and 85 percent, respectively, of the 30-percent share to be repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

- SRP 1 ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 2 OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 3 PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.
- SRP 4 SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.
- SRP SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

The fiscal year 1991 appropriation of \$14.783 million will be distributed as follows: \$8.864 million to ASCS for cost-sharing; \$5.313 million to Soil Conservation Service for technical assistance, monitoring and evaluation and planning studies; and \$606 thousand to Extension Service for information and education.

The following tables show (a) outlays for fiscal year 1990 and (b) geographic breakdown of obligations for fiscal years 1990-1992.

Colorado River Basin Salinity Control Program

Fiscal Year 1990 Outlays by State

State	Outlays
Colorado	\$1,278,064
Utah	1,721,650
Wyoming	290,949
SCS & ES Technical Assistance	4,217,000
Total	\$7,507,663

Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Colorado	\$2,520,313	\$5,897,101	\$4,299,000
Utah	2,497,625	3,164,000	2,700,000
Wyoming	255,427	800,000	800,000
Nevada	--	--	850,000
SCS Technical Assistance	3,944,000	5,313,000	5,613,000
ES Information/ Education	442,000	606,000	521,000
Total, Available or Estimate	\$9,659,365	\$15,780,101	\$14,783,000

NOTE: Thirty percent of ASCS cost-share obligations will be reimbursed by the States to Treasury.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), [~~\$13,620,000~~] \$10,935,000, to remain available until expended.

Water Bank Program -- Current Law

Appropriation Act, 1991	\$13,620,000
Budget Estimate, 1992	10,935,000
Decrease in Appropriation	<u>-2,685,000</u>

Water Bank Program -- Proposed Legislation

Budget Estimate, Current Law, 1992	\$10,935,000
Change due to proposed legislation	+460,000
Net Request, President's 1992 Budget Request	<u>11,395,000</u>

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Annual payments to landowners and operators	<u>\$13,620,000</u>	<u>-\$2,685,000</u>	<u>\$10,935,000</u>

PROJECT STATEMENT -- CURRENT LAW
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Annual payments to land- owners and operators	\$11,960,751	\$15,154,627	-\$4,219,627	\$10,935,000
Unobligated balance brought forward from prior years .	-1,255,378	-1,534,627	+1,534,627	--
Unobligated balance carried forward to next year	1,534,627	--	--	--
Total, appropriation or estimate	<u>12,240,000</u>	<u>13,620,000</u>	<u>-2,685,000</u>	<u>10,935,000</u>

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination.

The 1991 program level of \$13,620,000 is expected to bring 68,781 acres under 10-year agreements. This will be accomplished through the signing of approximately 593 agreements with landowners.

JUSTIFICATION OF DECREASE

A decrease of \$2,685,000 for Water Bank Program 10-year agreements with landowners and operators (\$13,620,000 available in fiscal year 1991).

Need for Change. Proposed legislation will provide landowners the option of receiving a one-time payment in exchange for a permanent easement. This will strengthen the Water Bank Program by ensuring continued preservation and protection of wetlands. Producers may continue to enter into traditional 10-year WBP agreements on their wetlands or adjacent lands under existing law. A current law program level estimated at \$10.935 million will help achieve the Administration's wetlands protection and restoration objectives while a dual program will enable the Department to assess costs and producer acceptance of permanent easements under proposed legislation.

Nature of Change. The \$10.935 million requested under current law represents budgetary assumptions regarding possible levels of participation in the two options. Many producers will be unwilling to sell permanent easements; it is desirable, therefore, to have the alternative of 10-year agreements to secure shorter term protection for high quality wetlands. The amount of Water Bank Program funds actually directed to 10-year agreements in fiscal year 1992 will be determined by producer participation under the dual program, since participants can choose either option within the total program level. The 1992 proposed level assumes that one-third of the acreage enrolled in the program will be through permanent easements and that this percentage will increase as producer acceptance of permanent easements grows.

The following table shows outlays for fiscal year 1990.

Water Bank Program
Fiscal Year 1990 Outlays by State

State	Outlays
Arkansas	\$420,250
California	475,055
Louisiana	615,399
Maine	6,160
Michigan	10,559
Minnesota	1,715,024
Mississippi	634,166
Montana	188,321
Nebraska	162,423
North Dakota	2,706,456
South Dakota	1,111,322
Wisconsin	484,637
Undistributed	10,064
TOTAL	\$8,539,836

Agricultural Stabilization and Conservation Service
Water Bank Program
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1992		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Annual payments to landowners and operators.....	\$10,935,000	--	\$10,935,000
Payments for permanent conservation easements on wetlands and adjacent lands.....	--	+\$460,000	+460,000
Total Available.....	<u>\$10,935,000</u>	<u>+460,000</u>	<u>\$11,395,000</u>

Explanation of Proposed Legislation

The Water Bank Program provides annual payments to producers who enter into 10-year contracts in which they agree to preserve eligible wetlands and adjacent lands. Legislation is being proposed to authorize program participants the option of receiving a one-time payment in exchange for a permanent easement on wetlands or adjacent lands. Ten-year agreements would continue to be available under current law. A dual program would enable the Department to assess the costs of and producer interest in permanent easements while ensuring that the Nation's wetlands continue to be preserved. The legislative proposal amount represents the estimated additional funding needed above the 1992 current law budget request for making one-time easement payments on about one-third of total program acres. This proposal would amend the Water Bank Act.

Detailed Summary of Water Bank Program

	<u>Current Law</u>	<u>President's Request</u>
<u>Ten-Year Contracts</u>		
Acres	53,016	35,344
Cost/acre	\$198	\$198
Subtotal	\$10,497,168	\$6,998,112
Technical Assistance	437,832	291,695
Total	\$10,935,000	\$7,289,807
<u>Easements</u>		
Acres	--	17,672
Cost/acre	--	\$223
Subtotal	--	\$3,940,856
Technical Assistance	--	164,337
Total	--	\$4,105,193
<u>GRAND TOTAL</u>	--	\$11,395,000
Acres	--	53,016

Water Bank Program
 Geographic Breakdown of Obligations
 Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Arkansas	\$578,152	\$900,010	--
California	517,673	889,772	--
Louisiana	799,825	1,100,192	--
Maine	0	19,440	--
Michigan	-8,318	34,723	--
Minnesota	2,349,701	2,582,416	--
Mississippi	1,001,198	1,317,010	--
Montana	370,237	526,273	--
Nebraska	152,214	536,037	--
North Dakota	3,658,351	3,649,307	--
South Dakota	1,839,194	2,433,192	--
Wisconsin	692,461	815,297	--
Undistributed	10,063	350,958	\$11,395,000
Total, Available or Estimate	\$11,960,751	\$15,154,627	\$11,395,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows
(deleted matter enclosed in brackets):

Emergency Conservation Program

[For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201-2205), \$10,000,000, to remain available until expended, as authorized by 16 U.S.C. 2204.]

The change deletes the appropriation language for the Emergency Conservation Program since no funds are requested for fiscal year 1992.

Emergency Conservation Program

Appropriation Act, 1991	\$10,000,000
Budget Estimate, 1992	--
Decrease in Appropriation	<u><u>-10,000,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Emergency cost-sharing and technical assistance to farmers	<u>\$10,000,000</u>	<u>-\$10,000,000</u>	<u>--</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Emergency cost-sharing and technical assistance to farmers	\$18,457,934	\$27,974,720	-\$27,974,720	--
Unobligated balance brought forward from prior years .	-6,505,654	-17,974,720	+17,974,720	--
Unobligated balance carried forward to next year	17,974,720	--	--	--
Total, appropriation or estimate	<u>29,927,000</u>	<u>10,000,000</u>	<u>-10,000,000</u>	<u>--</u>

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

- Practice EC1. Removing debris from farmland, including farmsteads and roadways.
- Practice EC2. Grading, shaping, releveling or similar measures to restore farmland.
- Practice EC3. Restoring permanent fences.
- Practice EC4. Restoring structures and other installations.
- Practice EC5. Emergency wind erosion control measures.
- Practice EC6. Drought emergency measures.
- Practice EC7. Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASC county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations.

JUSTIFICATION OF DECREASE

A decrease of \$10,000,000 for Emergency Conservation Program payments for cost-sharing and technical assistance to farmers (\$10,000,000 available in fiscal year 1991).

Need for Change. Future emergency needs cannot be predicted and will be addressed as necessary.

Nature of Change. The 1992 Budget proposes no funding for this program. Existing contracts for which funds were previously obligated will be honored.

The following tables show (a) outlays by State, fiscal year 1990 and (b) geographic breakdown of obligations for fiscal years 1990-92.

Emergency Conservation Program
Fiscal Year 1990 Outlays by State

State	Outlays
Alabama	\$1,576,376
Arizona	4,111
Arkansas	16,009
California	645,755
Caribbean Area	44,485
Colorado	4,588
Connecticut	9,964
Florida	134,499
Georgia	223,307
Hawaii	138,762
Idaho	58,201
Illinois	770,474
Indiana	59,484
Iowa	928,520
Kansas	4,133
Kentucky	15,067
Maine	17,710
Maryland	64,624
Michigan	66,429
Minnesota	2,010
Mississippi	32,683
Missouri	348,855
Montana	94,496
Nebraska	322,553
New Mexico	14,392
New York	33,767
North Carolina	1,007,777
North Dakota	16,253
Ohio	86,035
Oklahoma	88,510
Oregon	34,612
Pennsylvania	17,757
South Carolina	4,166,436
South Dakota	326,096
Texas	648,115
Utah	1,027
Vermont	35,258
Virginia	2,615
Virgin Islands	32,196
Washington	108,443
Wisconsin	1,998
Wyoming	56,078
Undistributed	-3,933
TOTAL	\$12,256,527

Emergency Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	\$3,709,172	\$1,336,298	--
Arizona	4,111	1,222,489	--
Arkansas	58,785	3,051,215	--
California	703,703	1,164,275	--
Caribbean Area	113,299	72,001	--
Colorado	4,800	--	--
Connecticut	12,500	13,000	--
Florida	119,569	98,653	--
Georgia	509,499	1,034,578	--
Hawaii	54,369	204,160	--
Idaho	-50,199	4,046	--
Illinois	576,267	694,452	--
Indiana	163,810	880,830	--
Iowa	965,292	1,368,821	--
Kansas	3,045	--	--
Kentucky	443	--	--
Louisiana	0	542	--
Maine	3,161	--	--
Maryland	35,679	11,334	--
Massachusetts	11,250	13,751	--
Michigan	71,676	31,767	--
Minnesota	65,005	34,995	--
Mississippi	49,491	95,859	--
Missouri	224,393	527,366	--
Montana	124,868	547,833	--
Nebraska	207,125	684,722	--
New Mexico	277	106,388	--
New York	19,028	--	--
North Carolina	1,367,788	358,431	--
North Dakota	-199	--	--
Ohio	176,922	426,540	--
Oklahoma	221,414	485,650	--
Oregon	60,651	663,888	--
Pennsylvania	9,641	5,334	--
Puerto Rico	0	-117,970	--
South Carolina	7,029,999	970,167	--
South Dakota	188,115	102,035	--
Texas	1,275,005	4,654,358	--
Utah	384	--	--
Vermont	41,762	71,148	--
Virginia	-1,304	--	--
Virgin Islands	291,218	11,782	--
Washington	27,196	2,999,992	--
West Virginia	-7,068	--	--
Wisconsin	17,147	37,853	--
Wyoming	2,850	-45,000	--
Undistributed	-4,005	4,151,137	--
Total, Available or Estimate (includes SCS Technical Assistance	\$18,457,934	\$27,974,720	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, \$12,446,000, to remain available until expended, as authorized by that Act.

Forestry Incentives Program

Appropriation Act, 1991	\$12,446,000
Budget Estimate, 1992	12,446,000
Change in Appropriation	<u> -- </u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to landowners	<u>\$12,446,000</u>	<u> -- </u>	<u>\$12,446,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Cost-sharing and technical assistance to landowners .	\$11,435,235	\$15,527,805	-\$3,081,805	\$12,446,000
Unobligated balance brought forward from prior years .	-2,071,040	-3,081,805	+3,081,805	--
Unobligated balance carried forward to next year	3,081,805	--	--	--
Total, appropriation or estimate	<u>12,446,000</u>	<u>12,446,000</u>	<u> -- </u>	<u>12,446,000</u>

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978, as amended by section 1214 of the Food, Agriculture, Conservation, and Trade Act of 1990. Its purpose is to encourage the development, management, and protection of nonindustrial, private forest lands to increase the production of timber and enhance other forest resources. The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1991 program, cost-sharing and technical assistance totaling \$12,446,000 will be provided to plant trees on approximately 157,100 acres and to improve timberstand on approximately 34,300 acres of forest. The 1992 request of \$12,446,000, the same as in 1991, will provide cost-sharing for tree planting on 151,100 acres and timberstand improvement on 33,000 acres.

The following tables show (a) outlays for fiscal year 1990 and (b) geographic breakdown of obligations for fiscal years 1990-92.

Forestry Incentives Program
Fiscal Year 1990 Outlays by State

State	Outlays
Alabama	814,901
Arizona	14,333
Arkansas	734,275
California	67,780
Colorado	9,382
Connecticut	4,899
Delaware	40,009
Florida	1,164,901
Georgia	1,135,477
Idaho	45,130
Illinois	10,755
Indiana	82,308
Iowa	35,780
Kentucky	95,409
Louisiana	625,790
Maine	38,886
Maryland	117,253
Massachusetts	37,738
Michigan	79,012
Minnesota	32,229
Mississippi	1,100,906
Missouri	21,809
Montana	9,423
Nebraska	1,462
New Hampshire	46,287
New Jersey	1,000
New Mexico	4,721
New York	68,205
North Carolina	557,756
North Dakota	77
Ohio	118,454
Oklahoma	83,936
Oregon	550,426
Pennsylvania	79,296
Rhode Island	2,657
South Carolina	837,625
South Dakota	11,320
Tennessee	105,778
Texas	531,506
Vermont	25,605
Virginia	739,724
Virgin Islands	11,750
Washington	385,229
West Virginia	62,216
Wisconsin	146,479
Wyoming	68,809
Undistributed	-1,244,528
ASCS, Subtotal	\$9,514,175
FS Technical Assistance	1,245,000
TOTAL	\$10,759,175

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	956,876	927,259	796,963
Alaska	-3,575	15,160	13,030
Arizona	9,770	10,257	8,816
Arkansas	737,708	744,495	639,881
California	91,266	295,422	253,910
Colorado	8,241	45,303	38,937
Connecticut	9,933	24,097	20,711
Delaware	59,066	101,081	86,877
Florida	1,044,077	1,177,905	1,012,389
Georgia	1,508,836	1,389,101	1,193,908
Idaho	37,797	82,458	70,871
Illinois	8,578	111,761	96,057
Indiana	92,516	94,042	80,827
Iowa	35,384	57,373	49,311
Kansas	3,853	18,130	15,582
Kentucky	84,632	81,649	70,176
Louisiana	683,089	662,380	569,304
Maine	42,448	54,336	46,701
Maryland	133,103	119,230	102,476
Massachusetts	47,391	51,362	44,145
Michigan	82,845	93,152	80,063
Minnesota	100,987	202,300	173,873
Mississippi	798,402	877,163	753,906
Missouri	23,427	113,135	97,238
Montana	16,429	9,622	8,270
Nebraska	500	38,574	33,154
New Hampshire	28,830	52,684	45,281
New Jersey	1,080	24,248	20,841
New Mexico	6,363	28,744	24,705
New York	74,810	98,660	84,797
North Carolina	642,112	705,253	606,153
Ohio	157,019	196,081	168,528
Oklahoma	67,671	125,138	107,554
Oregon	522,115	491,350	422,307
Pennsylvania	66,074	154,435	132,734
Puerto Rico	10,702	57,437	49,366
Rhode Island	2,819	11,717	10,071
South Carolina	1,037,731	1,033,769	888,506
South Dakota	10,892	29,958	25,748
Tennessee	125,642	127,007	109,160
Texas	559,820	611,554	525,620
Vermont	16,556	19,994	17,184
Virginia	801,411	782,121	672,219
Washington	362,370	364,198	313,022
West Virginia	68,154	54,118	46,513
Wisconsin	186,491	315,729	271,364
Wyoming	71,522	73,087	62,817
Undistributed	472	278,230	239,134
ASCS, Sub-total	11,434,235	13,032,259	11,201,000
FS Technical Assistance	1,000	2,495,546	1,245,000
Total, Available or Estimate	\$11,435,235	\$15,527,805	\$12,446,000

Rural Clean Water Program

Appropriation Act, 1991	--
Budget Estimate, 1992	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Cost-sharing and technical assistance to farmers	\$2,205,584	\$1,591,888	-\$1,591,888	--
Recovery of prior year obligations	-1,239,666	--	--	--
Unobligated balance brought forward from prior years .	-2,557,806	-1,591,888	+1,591,888	--
Unobligated balance carried forward to next year	1,591,888	--	--	--
Total, appropriation or estimate	--	--	--	--

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agree to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials (nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, dissolved solids, etc.). Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding is provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals is used to project future budgetary requirements.

Activities represented in the 1992 Budget require no additional funding. Projects have been fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1990, (b) geographic breakdown of obligations for fiscal years 1990-1992, and (c) estimated costs by project.

Rural Clean Water Program
Fiscal Year 1990 Outlays by State

State	Outlays
Alabama	\$11,489
Florida	139,915
Idaho	267,988
Illinois	50,100
Iowa	1,908
Kansas	49,907
Kentucky	14,251
Louisiana	25,714
Maryland	144,498
Michigan	10,081
Minnesota	65,460
Nebraska	50,166
Oregon	131,977
Pennsylvania	242,615
South Carolina	-356
South Dakota	499,215
Tennessee	68,982
Vermont	323,621
Virginia	29,404
Wisconsin	32,494
Undistributed	432,974
TOTAL	\$2,592,403

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	-\$15,282	--	--
Delaware	--	--	--
Florida	--	--	--
Idaho	--	--	--
Illinois	-30,000	--	--
Iowa	-11,035	--	--
Kansas	--	--	--
Kentucky	-1,997	--	--
Louisiana	-588,867	--	--
Maryland	-511	--	--
Massachusetts	--	--	--
Michigan	-143,462	--	--
Minnesota	-82,000	--	--
Nebraska	-75,000	--	--
Oregon	--	--	--
Pennsylvania	25,000	--	--
South Carolina	--	--	--
South Dakota	--	--	--
Tennessee	-35,000	--	--
Vermont	99,623	--	--
Virginia	-28,274	--	--
Wisconsin	-63,723	--	--
Undistributed	3,156,112	\$1,591,888	--
Total, Available or Estimate	\$2,205,584	\$1,591,888	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

Rural Clean Water Program Projects

<u>Project</u>	<u>Location</u>	<u>Estimated Costs</u> 1/	<u>Status</u>
Lake Tholocco	Alabama	\$1,850,827	Implemented in 1980. 80% of its critical acres and 95% of its best management practice (BMP) funds are under contract.
Appoquinimink	Delaware	972,319	Implemented in 1980. 87% of its critical acres and 99% of its BMP funds are under contract.
Taylor Creek-Nubbin Slough/ Lower Kissimmee River	Florida	2,982,111	The Taylor Creek-Nubbin Slough project was implemented in 1981. 87% of its critical acres and 98% of its BMP funds are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres and 62% of its BMP funds are under contract.
Rock Creek	Idaho	5,328,108	Implemented in 1980. 73% of its critical acres and 90% of its BMP funds are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,974,849	Implemented in 1980. 82% of its critical acres and 94% of its BMP funds are under contract. A CM&E project.
Prairie Rose Lake	Iowa	732,607	Implemented in 1980. 97% of its critical acres and 83% of its BMP funds are under contract.
Upper Wakarusa	Kansas	2,230,728	Implemented in 1980. Has been terminated.
Reelfoot Lake	Kentucky	932,186	Implemented in 1980. 64% of its critical acres and 90% of its BMP funds are under contract.
Bonne Idee	Louisiana	4,354,188	Implemented in 1980. 75% of its critical acres and 88% of its BMP funds are under contract.
Double Pipe Creek	Maryland	4,993,057	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.

<u>Project</u>	<u>Location</u>	<u>Estimated Costs</u>	<u>Status</u>
Westport River	Massachusetts	733,924	Implemented in 1981. 67% of its critical acres and 88% of its BMP funds are under contract.
Saline Valley	Michigan	2,727,997	Implemented in 1980. 32% of its critical acres and 98% of its BMP funds are under contract.
Garvin Brook	Minnesota	2,525,100	Implemented in 1981. 42% of its critical acres and 100% of its BMP funds are under contract.
Long Pine Creek	Nebraska	2,384,711	Implemented in 1981. 79% of its critical acres and 77% of its BMP funds are under contract.
Tillamook Bay	Oregon	5,500,428	Implemented in 1981. 98% of its critical acres and 99% of its BMP funds are under contract.
Conestoga Headwaters	Pennsylvania	4,165,038	Implemented in 1981. 40% of its critical acres and 84% of its BMP funds are under contract. A CM&E project.
Oakwood-Lake Poinsett	South Dakota	3,646,134	Implemented in 1981. 56% of its critical acres and 60% of its BMP funds are under contract. A CM&E project.
Reelfoot Lake	Tennessee	3,934,774	Implemented in 1980. 58% of its critical acres and 99% of its BMP funds are under contract.
Snake Creek	Utah	463,223	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
St. Albans Bay	Vermont	5,179,120	Implemented in 1980. 75% of its critical acres and 99% of its BMP funds are under contract. A CM&E project.

<u>Project</u>	<u>Location</u>	<u>Estimated Costs</u>	<u>Status</u>
Nansemond- Chuckatuck	Virginia	2,116,131	Implemented in 1981. 75% of its critical acres and 92% of its BMP funds are under contract.
Lower Manitowoc	Wisconsin	2,270,619	Implemented in 1980. 57% of its critical acres and 88% of its BMP funds are under contract.
Subtotal		63,998,179	
Technical Assistance, National Asso- ciation of Conservation Districts		<u>1,821</u>	
TOTAL		<u><u>\$64,000,000</u></u>	

- 1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [~~\$1,314,926,000~~] \$1,642,760,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, for annual rental payments provided in such contracts, and for technical assistance: Provided, That none of the funds in this Act may be used to enter into new contracts that are in excess of the prevailing local rental rates for an acre of comparable land.

Conservation Reserve Program

Available Funds, 1990 Actual
and Estimated 1991 and 1992

<u>Item of Change</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Appropriation:			
Annual rental payments	\$1,393,727,977	\$1,654,758,000	\$1,688,007,996
Cost-sharing assistance	118,131,206	158,462,000	97,341,000
Technical assistance	1,233,090	1,385,000	5,235,000
Add:			
Change in unobligated balance	-502,114,273	-499,679,000	-147,823,996
Total appropriation	<u>\$1,010,978,000</u>	<u>\$1,314,926,000</u>	<u>\$1,642,760,000</u>

Reconciliation of Program Level to Appropriation

<u>Item of Change</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>1992 Estimated</u>
Annual rental payments for prior year contracts:			
Cash.....	\$1,393,727,977	\$1,654,758,000	\$1,688,007,996
CCC commodity certificates..	-3,506,510 a/	--	--
Total rental payments	<u>1,390,221,467</u>	<u>1,654,758,000</u>	<u>1,688,007,996</u>
Cost-sharing assistance	118,131,206	158,462,000	97,341,000
Technical assistance	<u>1,233,090</u>	<u>1,385,000</u>	<u>5,235,000</u>
Total program level	1,509,585,763	1,814,605,000	1,790,583,996
Add:			
Adjustment for CCC commodity certificates	3,506,510 a/	--	--
Change in unobligated balance	<u>-502,114,273</u>	<u>-499,679,000</u>	<u>-147,823,996</u>
Adjusted appropriation.....	<u>\$1,010,978,000</u>	<u>\$1,314,926,000</u>	<u>\$1,642,760,000</u>

a/ Reflects accounting adjustments to prior year rental payments issued in certificates. This adjustment did not affect the 1990 program even though it was recorded in that year.

Conservation Reserve Program

Appropriation Act, 1991.....	\$1,314,926,000
Budget Estimate, 1992	<u>1,642,760,000</u>
Increase in Appropriation.....	<u>+327,834,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Annual rental payments, cost-sharing, and technical assistance to farmers.....	<u>\$1,314,926,000</u>	<u>+\$327,834,000</u>	<u>\$1,642,760,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Annual rental payments	\$1,393,727,977 ^{a/}	\$1,654,758,000	+\$33,249,996	\$1,688,007,996
Cost-sharing assistance	118,131,206	158,462,000	-61,121,000	97,341,000
Technical assistance ..	1,233,090	1,385,000	+3,850,000	5,235,000
Total, program level...	1,513,092,273	1,814,605,000	-24,021,004	1,790,583,996
Unobligated balance brought forward from prior years.....	-1,149,617,269	-647,502,996	+499,679,000	-147,823,996
Unobligated balance carried forward to next year.....	647,502,996	147,823,996	-147,823,996	--
Total, appropriation or estimate	<u>1,010,978,000</u>	<u>1,314,926,000</u>	<u>+327,834,000</u>	<u>1,642,760,000</u>

^{a/} Excludes a \$3.5 million credit adjustment for annual rental payments paid in prior fiscal years with CCC commodity certificates.

EXPLANATION OF PROGRAM

The Conservation Reserve Program was established as a voluntary program initially to help farmers prevent or control soil erosion on highly erodible and environmentally sensitive cropland. The continuation of the program authorized by the FACT Act of 1990 targets additional participation to areas where agriculture adversely impacts water quality. The Reserve also helps adjust the production of some surplus agricultural commodities.

The objectives of the Conservation Reserve Program (CRP) are to conserve and improve soil and water resources by establishing permanent cover on up to 44 million acres of eligible cropland through the establishment of shelterbelts, windbreaks, and other enduring practices. Program participants sign a 10-year contract agreeing to establish permanent cover of perennial grass, legumes, wildlife cover, or trees and to make a proportionate reduction in their program base acreage. In return, USDA provides annual rental payments, in cash or commodity certificates and provides cost-share assistance to cover half the cost of establishing the permanent cover.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands. It is administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers decide what eligible cropland to offer for the reserve and submit bids on the amount they would accept as an annual rental payment for a 10-year period. Farmers whose bids are accepted then enter into a 10-year contract with CCC to take eligible land out of annual crop production and put it into permanent vegetative cover. Agreements may be for 15 years for tree acres. In addition, farmers receive a one-time payment of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

In fiscal years 1988, 1989, 1990, and 1991, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, provides authority to enter into CRP contracts through fiscal year 1995. Appropriations will be requested annually to make payments through fiscal year 2011.

The FACT Act establishes a new umbrella program, the Environmental Conservation Acreage Reserve Program (ECARP), which encompasses the existing CRP and a new Wetlands Reserve Program to assist owners of eligible lands in restoring and protecting wetlands. The law requires that at least 40 million acres be enrolled in ECARP by the end of 1995, including acreage already in the CRP. In addition, the law further establishes a 1 million acre minimum enrollment in both calendar years 1994 and 1995.

1991 Program

1. Program Participation. During fiscal year 1991, the program is expected to enroll approximately 550,000 acres, which will include highly erodible cropland and cropland addressing water quality and other environmental problems. The 1990 FACT Act strengthened the CRP by broadening eligibility for the program to include cropland that contributes to water quality degradation, new filter strips and waterways, saline lands, and wellhead protection areas. The 1991 crop acres, together with the 33.9 million acres previously enrolled through fiscal year 1989, would bring total enrollment to approximately 34.5 million acres through 1991.

2. Eligibility. To be eligible to enter a CRP contract, an applicant must:
 - be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands.
 - own or operate eligible cropland that
 - o has been planted to an agricultural commodity in at least two of the five years 1986 through 1990.
 - o meets the definition of eligible land announced by the Secretary for CRP purposes.
 - implement an approved conservation plan.
 - refrain from grazing or harvesting any crops from the land enrolled in CRP, unless authorized for emergency purposes.
 - reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.
3. Bid Selection. Bid selection will be made after a nationwide review and evaluation, and will be based on the environmental benefits of placing the land in the CRP compared to the dollar cost. To increase water quality benefits under the CRP, areas such as filterstrips, sod waterways, shelterbelts, and contour grass strips will receive additional consideration during the evaluation process.
4. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments of \$1.655 billion due in fiscal year 1991 for crop years 1986, 1987, 1988, 1989 and 1990 rental agreements were made in early November 1990, and were paid entirely in cash.
5. Cover Practices. Farm owners and operators receive one-time cost-sharing payments for 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.
6. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligibility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees.

JUSTIFICATION OF INCREASE

An increase of \$327,834,000 in appropriation for estimated expenditures for annual rental payments, cover, and technical assistance costs due in fiscal year 1992 (\$1,314,926,000 available in fiscal year 1991).

Need for Change. In order to make payments for commitments incurred by the Federal Government under Conservation Reserve Program contracts, in accordance with the provisions of the Food Security Act of 1985, as amended, funds are needed to make program payments due in fiscal year 1992 only. These funds would be used to make all cash payments for technical assistance, establishing vegetative cover, and making annual rental payments coming due in fiscal year 1992. Although total fiscal year 1992 estimated program costs are less than in 1991 because of lower estimated cover costs, an increase in the 1992 appropriation is necessary due to a decrease in unobligated fund balances available for use in 1992.

The 1992 appropriation request and the estimated unobligated balance available would fund approximately \$97 million in cover costs estimated to be paid in fiscal year 1992 on newly enrolled and previously enrolled crop acres, and projected annual rental payments of \$1.688 billion due in fiscal year 1992 on 1986, 1987, 1988, 1989, 1990 and 1991-crop acres. Total program payments in fiscal year 1992 are based on a total enrollment of 35.57 million acres, which includes an anticipated 1.1 million acres enrolled in fiscal year 1992. Rental payments on 1992-crop acres enrolled in fiscal year 1992 are not payable until fiscal year 1993.

The decrease in cover costs of approximately \$61 million in fiscal year 1992 reflects an updated 5-year cost distribution pattern for estimating cover costs and the fact that more cover establishment is now expected in fiscal 1991 to compensate for lower than anticipated cover costs in fiscal year 1990 due to 1990 drought conditions. The estimated increase of \$33 million in rental payments, from \$1.655 billion in fiscal year 1991 to \$1.688 billion in fiscal year 1992, is due to new rental payments on the estimated 550 thousand 1991-crop acres that will be due for the first time in fiscal year 1992.

Nature of Change. The fiscal year 1992 appropriation request of \$1.643 billion, together with the estimated \$147.8 million in unobligated balances brought forward from fiscal year 1991, would provide:

- o \$97 million for cost-sharing practices to establish permanent cover in fiscal year 1992,
- o \$1.688 billion for cash rental payments for 1986, 1987, 1988, 1989, 1990 and 1991-crop acreage contracts signed during fiscal years 1986, 1987, 1988, 1989, and 1991. No CCC commodity certificates were used to pay rental payments in fiscal year 1991 and none are proposed in fiscal year 1992.
- o \$5.2 million for technical assistance.

The following table shows actual CRP enrollment through fiscal year 1990 and estimated enrollment for fiscal years 1991 and 1992 (in millions of acres):

Crop Year	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Actual FY 1990	Estimated FY 1991	Estimated FY 1992	Crop Year Total
1986	2.04	--	--	--	--	--		2.04
1987	6.19	7.48	--	--	--	--		13.67
1988	--	6.44	2.32	--	--	--		8.76
1989	--	--	3.66	1.69	--	--		5.35
1990	--	--	--	4.10	--	--		4.10
1991	--	--	--	--	--	.55		.55
1992	--	--	--	--	--	--	1.10	1.10
Total	8.23	13.92	5.98	5.79	--	.55	1.10	35.57

Conservation Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1990 and Estimated Fiscal Years 1991 and 1992

State	1990 Actual	1991 Estimated	1992 Estimated
Alabama	\$22,703,785	\$24,193,291	\$22,745,471
Alaska	907,751	922,112	922,112
Arizona	7,660	0	0
Arkansas	10,791,479	13,232,242	12,033,461
California	8,470,243	8,881,820	8,832,516
Colorado	76,098,956	86,671,935	83,211,718
Connecticut	0	0	0
Delaware	56,573	72,495	68,610
Florida	5,148,121	5,770,293	5,357,118
Georgia	25,015,478	33,286,954	31,271,903
Guam	0	0	0
Hawaii	0	6,800	6,800
Idaho	34,967,870	38,743,839	37,176,959
Illinois	42,698,784	53,348,088	50,273,556
Indiana	24,228,246	29,259,071	27,565,529
Iowa	141,145,623	167,162,280	162,848,391
Kansas	141,800,413	171,416,420	161,442,258
Kentucky	23,557,723	25,249,048	24,796,354
Louisiana	5,215,630	6,494,645	6,041,765
Maine	1,700,908	1,810,761	1,775,048
Maryland	1,020,313	1,478,112	1,299,846
Massachusetts	1,020	1,520	1,520
Michigan	10,537,863	12,282,057	11,811,912
Minnesota	93,205,333	106,369,236	103,793,973
Mississippi	29,040,277	33,585,704	31,857,444
Missouri	91,885,529	100,364,604	97,671,171
Montana	95,463,545	112,458,210	107,504,659
Nebraska	67,917,029	79,605,876	76,975,399
Nevada	62,305	135,265	116,850
New Hampshire	0	0	0
New Jersey	31,765	44,859	39,903
New Mexico	18,461,824	18,557,773	18,256,068
New York	3,013,429	3,368,448	3,166,657
North Carolina	6,238,120	7,050,381	6,571,718
North Dakota	93,306,522	129,741,280	124,472,449
N. Mariana Islands	0	0	0
Ohio	14,864,077	19,624,701	18,265,132
Oklahoma	46,269,839	52,626,319	50,664,293
Oregon	25,923,604	26,930,808	26,047,425
Pennsylvania	4,969,526	6,022,561	5,849,210
Puerto Rico	30,520	21,891	19,830
Rhode Island	0	0	0
South Carolina	10,909,920	12,423,370	11,760,351
South Dakota	59,405,682	97,288,018	91,633,894
Tennessee	21,797,447	23,933,118	22,852,459
Texas	153,377,102	171,064,883	162,113,735
Utah	8,941,914	9,667,913	9,466,907
Vermont	11,901	11,277	10,282
Virginia	3,627,723	4,276,500	4,002,082
Virgin Islands	0	0	0
Washington	48,314,746	53,376,664	50,812,934
West Virginia	28,612	29,069	28,761
Wisconsin	33,836,364	44,125,022	42,296,806
Wyoming	9,241,526	10,552,467	10,185,759
Undistributed	(4,391,437)	9,680,000	59,429,996 a/
ASCS Subtotal	1,511,859,183	1,813,220,000	1,785,348,996
SCS Tech. Assistance	0	1,100,000	4,950,000
FS Tech. Assistance	1,233,090	285,000	285,000
Total, Available or Estimate	\$1,513,092,273	\$1,814,605,000	\$1,790,583,996

a/ Represents estimated obligations for payments to be incurred in fiscal year 1992 for which no basis currently exists for distributing costs by State because new enrollment has not yet been held.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Wetlands Reserve Program

For necessary expenses to carry out the Wetlands Reserve Program pursuant to section 1438 of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 3837), \$124,350,000, to remain available until expended, to be used for (1) payments for wetland easements, either in a lump sum or over a period of 5 to 20 years for permanent easements, or over a period of 5 to 20 years for wetland easements which are not permanent but are for 30 years or the maximum duration allowed under applicable State law; (2) cost-share assistance for the cost of carrying out the establishment of conservation measures and practices as provided for in approved wetland reserve program contracts; (3) other appropriate cost-share assistance for wetland protection; and (4) technical assistance: Provided, That this amount shall be transferred to the Commodity Credit Corporation for use in carrying out this program: Provided further, That the Secretary is authorized to use the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of carrying out the program.

Wetlands Reserve Program

Appropriation Act, 1991	--
Budget Estimate, 1992	\$124,350,000
Increase in Appropriation	<u>+124,350,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Easement payments, cost-sharing, and technical assistance	<u>--</u>	<u>+\$124,350,000</u>	<u>\$124,350,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Easement payments			+\$87,750,000	\$87,750,000
Cost-sharing	--	--	+18,000,000	18,000,000
Technical assistance	--	--	+18,600,000	18,600,000
Total, appropriation or estimate	--	--	+124,350,000	124,350,000

EXPLANATION OF PROGRAM

The Wetlands Reserve Program is authorized by Title XIV, Section 1438 of the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624). It is one component of the larger Environmental Conservation Acreage Reserve Program (ECARP), which also includes the existing Conservation Reserve Program (CRP). The 1990 FACT Act requires that at least 40 million acres be enrolled in ECARP by the end of 1995, including acreage already in the CRP.

The primary objectives of the Wetlands Reserve Program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory waterfowl. The Secretary of Agriculture, through designated ASCS county offices, uses program funds to enter into agreements with landowners that operate farmed or converted wetlands, farmed wetland or prior converted and adjoining land in CRP or riparian corridors. The 1992 agreements will be for perpetual easements. Technical assistance is provided by the Soil Conservation Service.

The fiscal year 1992 budget will provide funding for enrolling 150,000 acres. Total enrollment through 1995 is estimated to reach 600,000 acres which will count toward the 40 million acre minimum for ECARP required by the FACT Act. Program participants will have the option of receiving a one-time lump-sum payment or annual payments over a period of ten years, in exchange for a perpetual easement, if they agree to implement a wetland restoration and protection plan. Compensation will be in cash as specified in the agreement, but not to exceed the fair market value of the land. The program will also provide to landowners cost share assistance of 75 percent of eligible costs for a permanent easement.

The Wetlands Reserve is a new USDA program and will require considerable coordination and consultation with USDA and non-USDA agencies, such as the Fish and Wildlife Service. Easement costs will include the cost of a land survey, which will range from \$350 to \$1,000 and appraisals which will range from \$250 to \$800 per appraisal for each easement. In addition, the update of the abstract, recording fees, attorney fees and various taxes will range from \$250 to \$750 per easement. Therefore, based on these figures, costs could range from \$850 to \$2,050, but it is believed that \$1,500 per easement would be a reasonable estimate. These additional easement costs would equate to about \$75 per acre for an average projected easement of about 20 acres. These costs are included within the projected acquisition (easement) rates to be funded by the requested appropriation, rather than borne by the producer.

JUSTIFICATION OF INCREASE

An increase of \$124,350,000 for Wetlands Reserve Program easement payments, cost-sharing, and technical assistance to landowners (no funds available in fiscal year 1991).

Need for Change. The 1992 funding of \$124,350,000 will help achieve the 1990 FACT Act's wetland protection and restoration objectives. These objectives are to protect and enhance habitat for migratory birds and other wildlife, and to reduce on-farm and off-farm environmental threats by reducing the production of agricultural commodities. Wetlands are productive and valuable national resources. Wetlands constitute habitat crucial to many forms of wildlife and are important in maintaining ground water supplies and water quality, in protecting shorelines from erosion, in storing floodwaters, and in trapping sediments.

Nature of Change. The 1992 amount requested represents budgetary assumptions regarding possible levels of participation at specified acquisition rates. The program level of \$124,350,000 will permit easements with landowners on about 150,000 wetland acres in 1992. At this annual rate, the program should reach a total of 600,000 acres under easement through 1995.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

No geographic breakdown of obligations for the Wetlands Reserve Program is provided since this is a new program proposed for 1992 implementation and has no operating history. Total obligations of \$124,350,000 for 1992 are therefore undistributed.

PASSENGER MOTOR VEHICLES

The 1992 Budget Estimates do not propose the purchase of additional or replacement passenger motor vehicles.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1990, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985 Jeep (CJ-7)	4	57	40-60	4	57
1988 Jeep (Cherokee)	1	14	Under 20	<u>3</u>	<u>43</u>
			Total	<u>7</u>	<u>100</u>
1989 Jeep	<u>2</u>	<u>29</u>			
Total	<u>7</u>	<u>100</u>			

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; a conservation reserve program; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 4(a) of the Food for Peace Act of 1966, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 4(b) of the Food for Peace Act of 1966, as amended, to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under its charter authority to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of \$100 million held by the United States, with the authority to have outstanding borrowings of up to \$30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to \$25 billion from \$20 billion, to the extent provided in appropriation acts. The fiscal year 1982 supplemental appropriation act, P.L. 97-257, increased the availability to \$25 billion. The fiscal year 1988 appropriation act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

AppropriationsReimbursement for Net Realized Losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

CCC Loans Program

Under the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, an appropriation for the Corporation's Export Credit Programs (GSM-102 and GSM-103) is made to cover the subsidy costs of the current year's program. The fiscal year 1992 appropriation represents the present value of CCC's estimated net cashflows over the lifetime of the loan guarantees made in fiscal year 1992.

Available Funds: 1990 Actual and Estimated 1991 and 1992

Item	1990 Actual	1991 Estimated	1992 Estimated
Commodity Credit Corporation:			
Support and related programs:			
Reimbursement for net realized losses.....	\$4,233,000,000	\$5,000,000,000	\$9,000,000,000 <u>a/</u>
Reimbursement to CCC, National Wool Act.....	93,485,000	104,407,000	175,052,000
CCC Loans Program Account.....	---	---	158,844,000
Total Commodity Credit Corporation	\$4,326,485,000	\$5,104,407,000	\$9,333,896,000

a/ Proposed to be reimbursed through current, indefinite appropriation.

CLASSIFICATION BY OBJECTS1990 and Estimated 1991 and 1992

(thousands of dollars)

	<u>1990</u>	<u>1991</u>	<u>1992</u>
22 Transportation of things.....	\$350,980	\$476,096	\$421,604
25 Other services.....	819,264	1,007,288	1,097,590
Storage and handling (including producer storage payments).....	532,130	346,175	146,111
26 Supplies and materials (cost of commodities sold or donated):			
Foreign Assistance Programs.....	1,117,173	1,190,002	915,577
Other.....	1,273,426	1,354,839	1,143,355
31 Equipment.....	26,853	56,500	41,500
33 Investments and loans.....	5,969,304	7,491,213	8,416,069
41 Grants, subsidies, and contributions	7,038,513	8,723,922	8,182,479
43 Interest and dividends.....	1,205,136	710,895	728,467
92 Undistributed Obligations.....	<u>---</u>	<u>---</u>	<u>3,320</u>
Total obligations.....	<u>18,332,779</u>	<u>21,356,930</u>	<u>21,096,072</u>

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION FUNDReimbursement for Net Realized Losses:

- 1 For fiscal year [1991] 1992, such sums as may be necessary to reimburse the
- 2 Commodity Credit Corporation for net realized losses sustained, but not
- previously reimbursed [(estimated to be \$6,100,000,000 in the President's
- fiscal year 1991 Budget Request (H. Doc. 101-122)), but not to exceed
- \$5,000,000,000], pursuant to section 2 of the Act of August 17, 1961, as
- amended (15 U.S.C. 713a-11).
- 3 [Such funds are appropriated to reimburse the Corporation to restore losses
- incurred during prior fiscal years. Such losses for fiscal years 1989 and 1990
- include \$566,000,000 in connection with carrying out the Export Enhancement
- Program (EEP), \$200,000,000 in connection with carrying out the Targeted Export
- Assistance Program (TEA), \$150,000,000 in connection with carrying out the
- Federal Crop Insurance Program, \$472,326,000 in connection with domestic
- donations, and \$208,412,000 in connection with export donations, and
- \$3,403,262,000 in connection with carrying out the commodity programs.

Short-Term Export Credit:

- 4 The Commodity Credit Corporation shall make available not less than
- \$5,000,000,000 in credit guarantees under its export credit guarantee program
- for short-term credit extended to finance the export sales of United States
- agricultural commodities and the products thereof, as authorized
- by section 1125(b) of the Food Security Act of 1985 (Public Law 99-198).

Intermediate Export Credit:

The Commodity Credit Corporation shall make available not less than \$500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 1131(3)(B) of the Food Security Act of 1985 (Public Law 99-198)].

5 Operations and Maintenance for Hazardous Waste Management:

For fiscal year 1992, CCC shall not expend more than \$3,000,000 for expenses to comply with the requirement of Section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and Section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961: Provided, that expenses shall be for operations and maintenance costs only and that other hazardous waste management costs shall be paid for by the USDA Hazardous Waste Management appropriation.

6 Options Pilot Program:

For fiscal year 1992, CCC shall not expend more than \$1,000,000 for expenses to conduct the options pilot program to comply with Section 1153 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624).

7 Commodity Donations:

Provided further, That Commodity Credit Corporation donations in excess of the amounts mandated by Section 1774(c)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, shall be made only to the extent that such excess donations are not inconsistent with the mission of the Commodity Credit Corporation to protect farm income and compete in world trade.

The first change updates the fiscal year designation of the current, indefinite appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite appropriation authority. The ceiling limits the flexibility CCC would otherwise have to request funds as needed from the Treasury to avoid operating disruptions due to a lack of sufficient funds.

The third change deletes language which applied to the fiscal year 1991 appropriation. The CCC appropriation is used to reimburse losses incurred in connection with all CCC support and related activities. Therefore, the 1991 language which identifies specific program losses for reimbursement is unnecessary.

The fourth change is proposed to eliminate the floors for the short-term and intermediate-term export credit guarantee programs. Guarantee level ceilings are established under new Credit Reform requirements and are included in the appropriation language for the CCC Loans Program Account.

The fifth change is proposed to establish a ceiling for CCC's hazardous waste management costs for operations and maintenance. CCC's hazardous waste management program is intended to insure compliance with applicable environmental laws; in particular, the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). Action taken by CCC at locations on which grain bins owned by CCC were placed may have caused contamination in ground water nearby because of fumigants used on grain stored in these facilities. CCC has agreed to assume complete management for the operation of the ground water recovery and treatment system at one site in Waverly, Nebraska. Thus far, three other sites have been identified for cleanup, and CCC is in the process of doing further site investigations. CCC is paying for all related costs in fiscal years 1990 and 1991. Beginning in fiscal year 1992, investigative and cleanup costs will be paid from USDA's Hazardous Waste Management appropriation and CCC will pay for operations and maintenance costs only, with a ceiling of \$3,000,000 in fiscal year 1992.

The sixth change is proposed to initiate a pilot program as directed by the 1990 FACT Act to assess future options trading by producers as an alternative means of price support. The pilot program, which will begin with corn, will take place in fiscal year 1992 in at least three counties in each of three major corn-producing states.

The seventh change provides for the donation of up to four million pounds of nonfat dry milk and nine million pounds of cheese from the Commodity Credit Corporation (CCC) to the Commodity Supplemental Food Program (CSFP) as authorized by the 1990 FACT Act. This language would allow additional CSFP donations only if they did not impede the mission of developing and maintaining foreign markets by selling government-held commodities in world trade at competitive prices. Also, by limiting donations to the CSFP (a discretionary program), spending from the CCC (a mandatory program) would not be used to fund a discretionary program.

Reimbursement for Net Realized Losses

Appropriation Act, 1991.....	\$5,000,000,000
Budget Estimate, 1992.....	\$9,000,000,000
Increase in Appropriation.....	<u>+4,000,000,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Change</u>	<u>1992 Estimated</u>
Reimbursement of losses:			
Balance of 1989 actual losses..	\$3,961,053,000	-\$3,961,053,000	---
1990 actual losses.....	1,038,947,000	+6,860,898,000	\$7,899,845,000
1991 estimated losses.....	---	<u>+1,100,155,000</u>	<u>1,100,155,000</u>
 TOTAL AVAILABLE.....	<u>\$5,000,000,000</u>	<u>+\$4,000,000,000</u>	<u>\$9,000,000,000</u> a/

PROJECT STATEMENT
(On basis of appropriation)

<u>Item</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Reimbursement of losses:				
Appropriation.	\$4,233,000,000	\$5,000,000,000	+\$4,000,000,000	\$9,000,000,000 a/

a/ Proposed to be reimbursed through current, indefinite appropriation.

EXPLANATION OF PROGRAMUSDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector so that farmers and ranchers can earn a fair rate of return in the market place; and thereby assure supplies of agricultural products which are adequate to meet domestic and export demand at reasonable prices to consumers.

The primary objective is to achieve this goal through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

- A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.
1. Its functions are performed primarily by ASCS employees.
 2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.
 3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Titles II and III of P.L. 480.
 4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

- B. CCC operations are unique in many ways.

1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.
2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

a. Buying	d. Donating	g. Transporting
b. Selling	e. Lending	h. Making payments
c. Bartering	f. Storing	i. Other activities
3. The major activity is support of prices as required or authorized by existing law.
 - a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

- b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, oilseeds and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.
 - c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.
4. CCC has no control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.
 5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.
 6. The Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act) (P.L. 101-624) was enacted on November 28, 1990, to reduce spending, help maintain farm income growth through expanding exports, and enhance the environment.

Target Prices and Loan Rates. Minimum target prices for program crops are "frozen" at the 1990 crop level through 1995. The basic loan rate for wheat and feedgrains is set at not less than 85 percent of the five year moving average of market prices (the budget assumes 85 percent). The basic loan rate may then be reduced based on the stocks-to-use ratio, and can be further reduced up to an additional 10 percent under certain circumstances. The FACT Act did not change the method for calculating loan rates for rice and upland cotton. Loan rates for soybeans and other oilseeds are set at \$5.02/bu and \$0.089/lb. respectively. The 1990 FACT Act also adds mandatory marketing loans for soybeans and other oilseeds.

Acreage Reduction Programs (ARP). The FACT Act establishes maximum ARP levels of 20 percent for wheat and feedgrains (except oats which is established at zero percent ARP for 1991 through 1995 crops), 25 percent for upland cotton and 35 percent for rice.

Planting Flexibility. Producers may plant crops other than the program crop on up to 25 percent of any participating program crop acreage base (CAB). This acreage will be known as "flex" acreage.

Permitted crops on flex acreage are:

- (1) any program crop,
- (2) any oilseed,
- (3) any designated industrial or experimental crop, and
- (4) any other crop except any fruit and vegetable (including potatoes, dry edible beans, lentils and peas).

The Secretary may, however, prohibit the planting of any crop on flex acreage and is required to make available a list of any prohibited crops.

If the producer chooses to plant a crop other than their original program crop, they will be eligible for loans, purchases, or loan deficiency payments, but not deficiency payments.

Options Pilot Program. The FACT Act directs that a pilot program for the 1991 through 1995 crops of corn and for each of the 1993 through 1995 crops of wheat and soybeans be conducted to determine whether options trading can be used by producers to obtain protection from price fluctuation. The budget proposes that CCC expend not more than \$1 million in fiscal year 1992 to initiate the pilot program.

7. The Omnibus Budget Reconciliation Act of 1990 (OBRA) was signed into law on November 5, 1990, and is the primary source of budget savings in agricultural programs for 1991 through 1995.

15 Percent Payment Base Reduction. Savings are achieved largely through a 15 percent reduction in acres eligible for farm program payments. While the main intent is to achieve a reduction in CCC outlays, an additional effect is to create a more market-oriented environment for making planting decisions on a portion of crop acreage. Although the FACT Act introduced a measure of flexibility in farmers' planting decisions by permitting alternative crops on up to 25 percent of the base acreage, farmers still had to consider program benefits. With the 15 percent payment base reduction required by the OBRA, program benefits on the 15 percent of the base eliminated from payments eligibility no longer are part of the decision, and planting flexibility is further enhanced.

Deficiency Payment Rates. Calculation of deficiency payment rates for crop years 1991-93 remains the same as in the 1985 farm bill. For the 1994-95 wheat and feedgrain crops, the lesser of (1) the season average market price, or (2) the 5-month market price plus \$0.10 for wheat, and \$0.07 for feedgrains will be used to determine deficiency payment rates. For the 1994-95 crops of rice, the deficiency payment rate will be the target price minus the lesser of the calendar year market price plus an appropriate amount that is fair in relation to the 10 cents for wheat and the 7 cents for feedgrains. Calculation of the deficiency payment rate for upland cotton remains the same as in the Food Security Act of 1985.

Loan Origination Fees and Marketing Assessments. The OBRA also provides for loan origination fees and marketing assessments for oilseeds and other non-program crops and for milk. Producers who place soybeans and other oilseeds under loan will pay a fee equal to two percent of the value of the loan. Dairy producers will have their sales receipts reduced by five cents per hundredweight in calendar year 1991, and handlers will remit the reduction to CCC. For calendar years 1992 through 1995, the reduction will be 11.25 cents per hundredweight. Peanut producers and handlers will share in a one percent assessment against all peanuts produced based on the quota loan rate. Sugarcane and sugar beet producers, through processors, will pay an assessment of one percent of the loan rate for raw cane sugar on all sugar processed. Honey producers will remit to CCC an assessment of one percent of the loan rate on all honey extracted and marketed through handlers.

Wool, Mohair, and Tobacco. Wool and mohair producers will have their incentive payments reduced by one percent. Tobacco producers and buyers will share an assessment of one percent of the support rates against all tobacco produced of the types receiving price support.

8. Conservation Reserve Program

Under the provisions of the Food Security Act of 1985, as amended, up to 44 million acres of eligible cropland are authorized for protection under the Conservation Reserve Program (CRP). In exchange for entering land into the reserve, program participants receive annual rental payments in cash or CCC certificates, based on accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing permanent vegetative cover on the reserve acreage.

To facilitate initial program implementation, use of the funds and facilities of CCC was authorized for fiscal years 1986 and 1987. Beginning in fiscal year 1988, the services and facilities of CCC will continue to be used, but appropriations are provided to CCC in advance to carry out the program. Under the Food Security Act, authority is provided to CCC to enter into CRP contracts through fiscal year 1991. However, the Food, Agriculture, Conservation, and Trade Act of 1990, extended the enrollment period to fiscal year 1995 to target environmentally sensitive acres.

Additional details on the fiscal years 1988 through 1992 programs, which are funded by a separate CRP appropriation advanced to the CCC, as required by law, are provided under the fiscal year 1992 CRP request elsewhere in these Notes.

9. There are several characteristics of CCC operations which are important in analyzing its budget problems and processes.
 - a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.
 - b. CCC operations involve the handling of millions of documents and transactions during a 12-month period..
 - c. CCC workload cannot be deferred. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.
 - d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.

- e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.
- f. Trade customs and practices with respect to individual commodities must be observed in operations.
- g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by delivery of the commodity to CCC at maturity of the loans.
- h. CCC operations are big:
 - (1) The Corporation has an authorized capital stock of \$100 million held by the United States and authority to have outstanding borrowings of up to \$30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.
 - (2) Its commodity loans and purchases in fiscal year 1990 amounted to \$7.2 billion. Of total purchases, \$0.4 billion was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled \$2.7 billion of which \$1.8 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of \$3.1 billion and owned commodities with a cost value of \$2.1 billion on September 30, 1990.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees for up to 3 years payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial, as well as, noncommercial risks. In fiscal year 1986, an intermediate export credit guarantee program was authorized by the Food Security Act of 1985 for which CCC guarantees payments on export credit with repayment terms up to 10 years (GSM-103).

Total commitments in fiscal year 1990 were \$4.001 billion for the GSM-102 program and \$449.8 million for the GSM-103 program. As required by the Food, Agriculture, Conservation, and Trade Act of 1990, the program level for fiscal year 1991 is established at \$5 billion for the short-term export credit guarantee program (GSM-102) and \$500 million for the intermediate export credit guarantee program (GSM-103).

An additional \$1 billion of credit guarantees is required for emerging democracies for the period fiscal year 1991 through fiscal year 1995. The budget assumes this requirement will be met by making \$200 million of guarantees available for this purpose during each of these years.

The 1992 budget reflects the new credit reform procedures for federal credit programs authorized by the Balanced Budget Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, including interest subsidies, claims, and administrative expenses, rather than claim disbursements and repayments. Guarantee loan levels will be included in the appropriation request for the subsidy amount of fiscal year 1992. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of CCC's estimated net cashflows over the lifetime of the loan, whereas outlays represent the portion of the subsidy related to the claim amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All claim disbursement and repayment activity related to loans made in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing (pre-fiscal year 1992) portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements, borrower repayments, and Treasury borrowing requirements.

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC may provide direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There has been no direct credit program since fiscal year 1985 and none is planned for fiscal years 1991 and 1992.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1992, in the current law baseline, are estimated at \$11.1 billion, up \$0.3 billion from a level of \$10.8 billion in fiscal year 1991.

The net increase in projected fiscal year 1992 expenditures from the estimated fiscal year 1991 levels are largely due to an increase in 1991 crop feed grain and upland cotton production. Two laws enacted in 1990 will have significant impacts on both farm policy and on budgetary outlays for fiscal years 1991 through 1995. They are the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act), and the Omnibus Budget Reconciliation Act of 1990 (OBRA). Together, these two pieces of legislation are estimated to account for budget savings of approximately \$2 billion for fiscal year 1992 compared with what would have occurred under a continuation of the Food Security Act of 1985. As part of a governmentwide effort to distribute federal resources more fairly, legislation will be proposed to exclude from CCC price support and related programs individuals with gross adjusted incomes from off-farm sources exceeding \$125,000 per annum, reducing CCC outlays \$36 million in fiscal year 1992. The following table shows CCC net expenditures by commodity or program for fiscal years 1990 through 1992.

COMMODITY CREDIT CORPORATION

FISCAL YEAR 1992 PRESIDENT'S BUDGET

FY 1990 ACTUAL, FY 1991 AND FY 1992 ESTIMATED EXPENDITURES

(thousands of dollars)

Item	FY 1990 ACTUAL	FY 1991 ESTIMATED	FY 1992 ESTIMATED
Corn.....	\$2,449,949	\$2,364,109	\$2,665,546
Grain Sorghum.....	361,353	298,499	261,627
Barley.....	-93,046	52,774	124,897
Oats.....	-5,441	13,656	15,945
Corn Products.....	8,284	5,153	4,832
Sorghum Products.....	-42	---	---
Oat Products.....	---	30	34
Feed Grains and Products.....	(2,721,057)	(2,734,221)	(3,072,881)
Wheat and Products.....	806,347	2,647,248	2,519,141
Rice.....	666,997	818,168	775,135
Upland Cotton.....	-78,792	388,875	823,435
Tobacco.....	-307,301	-217,498	-85,375
Honey.....	46,733	46,240	25,251
Dairy.....	504,801	665,022	391,953
Soybeans.....	5,287	22,439	-20,869
Sugar.....	14,949	---	-25,717
Peanuts.....	588	2,502	-3,481
Export Guarantee Program.....	-40,941	1,092,585	692,398
Export Guarantee-Credit Reform.....	---	---	158,844
Short-Term & Intermediate Export Credit	-632	-4,143	-3,435
Storage Facility.....	-5,613	-7,798	---
Interest.....	632,261	603,535	480,463
CCC Operating Expenses.....	625,541	729,058	778,345
Change in Working Capital.....	260,691	668,500	947,200
Livestock Assistance (Cash).....	153,484	84,132	---
Forage and Tree Assistance Programs (1988 and 1989 Disaster).....	3,073	1,542	---
Crop Disaster Assistance.....	4,529 ^{1/}	5,125	---
All Other.....	353,898	388,861	377,156
Subtotal, Support and Related.....	6,366,957	10,668,614	10,903,325
Wool.....	104,407	175,052	175,341
TOTAL Net Expenditures, CCC.....	6,471,364	10,843,666	11,078,666
Farm program legislation.....	---	---	-36,000
Adjusted TOTAL Net Expenditures, CCC...	6,471,364	10,843,666	11,042,666

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

^{1/} Approximately \$1.5 billion in benefits to farmers under the Disaster Assistance Act of 1989 were paid in generic certificates and were not recorded directly as disaster assistance outlays.

Deficiency, Diversion and Disaster Payments

In fiscal year 1990 direct payments to producers totaled \$5,741.4 million, a decrease of \$5,435.8 million from payments issued in fiscal year 1989. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1990, as authorized by the Food Security Act of 1985. Estimated deficiency payments for fiscal year 1991 and 1992 are in cash only.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1990 through 1992.

COMMODITY CREDIT CORPORATION

Deficiency, Diversion and Disaster Payments Made in Cash and Certificates

Fiscal Years 1990-1992

(thousands of dollars)

	FY 1990 Actual		FY 1991 Estimate		FY 1992 Estimate	
	Cash	Certificates	Cash	Certificates	Cash	Certificates
Deficiency Payments.....	\$4,178,337	\$102,524	\$4,280,861	\$6,116,808	\$6,573,900	\$6,573,900
Diversion Payments.....	-779	1,177	398	0	0	0
Disaster Payments:						
1986 crop and prior	32	-414	-382	0	0	0
1988 crop year	-13,278	0	-13,278	-8,000	0	0
1989 crop year	17,807	1,456,020	1,473,827	-1,000	0	0
1990 crop year	0	0	0	14,125	0	0
Total Disaster Payments...	4,561	1,455,606	1,460,167	5,125	0	0
Total.....	4,182,119	1,559,307	5,741,426	6,121,933	6,573,900	6,573,900

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform is reaching the end of its system life. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

ASCS is also in the process of identifying agency needs and technologies required to meet the needs into the early 2000's. This effort has been entitled System Technology and Telecommunications Enhancement Program (STEP). Proposed ADP equipment acquisitions will occur after fiscal year 1993. However, contractor support will be used during fiscal year 1992. Continued expansion and use of personal computers and related productivity tools are reflected in fiscal year 1992, and contractor assistance is being utilized for developing, implementing, and operating the processed commodities inventory system, tobacco automation and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling \$24,226,000 in fiscal year 1992 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission essential enhancements for SCOAP equipment are estimated at \$13,200,000. Purchase of hardware and related software necessary to maintain present operation a status for the CCC Computer Facility, headquarters and field offices, are estimated at \$1,900,000. The purchase of personal computers and related productivity tools is estimated at \$5,353,000. The remaining \$3,773,000 is for the purchase of equipment including software and peripherals needed by ASCS in support of IRM objectives.

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1989 and 1990

Item	Fiscal Year 1989	Increases and Decreases	Fiscal Year 1990
Support and related programs:			
Commodity inventory operations:			
Losses or gain (-) on sales.....	659,819,795	-296,515,160 (1)	363,304,635
Domestic donations.....	519,325,313	-89,384,878 (2)	429,940,435
Export donations.....	288,942,557	-43,665,827 (3)	245,276,730
Storage and handling expense.....	586,399,215	-324,974,215 (4)	261,425,000
Transportation expense.....	40,647,760	-9,805,744 (5)	30,842,016
Total commodity inventory operations.....	2,095,134,640	-764,345,824	1,330,788,816
Loans written off.....	12,768,000	-1,156,000 (6)	11,612,000
Producer storage payments.....	481,794,392	-211,089,359 (7)	270,705,033
FCIC crop indemnity payments.....	400,000,000	-100,000,000 (8)	300,000,000
Eradication of animal & plant disease.....	0	38,256,000 (9)	38,256,000
Disaster payments (cash):			
Feed grains.....	2,770,175	-2,763,756	6,419
Wheat.....	333,104	-325,372	7,732
Rice.....	2,874	-2,874	0
Upland cotton.....	395,738	-378,168	17,570
Total disaster payments (cash).....	3,501,891	-3,470,170 (10)	31,721
Deficiency payments (cash):			
Corn.....	4,550,635,646	-3,618,885,898	931,749,748
Grain sorghum.....	459,053,116	-336,935,943	122,117,173
Barley.....	27,592,107	1,027,865	28,619,972
Oats.....	-3,663,893	14,981,390	11,317,497
Wheat.....	626,431,241	1,771,091,911	2,397,523,152
Rice.....	482,124,428	83,567,934	565,692,362
Upland cotton.....	428,728,598	148,950,810	577,679,408
Extra long staple cotton.....	36,975	-30,726	6,249
Total deficiency payments (cash).....	6,570,938,218	-1,936,232,657 (11)	4,634,705,561
Diversion payments (cash):			
Corn.....	-1,606,287	914,361	-691,926
Grain sorghum.....	95,587	-167,189	-71,602
Barley.....	36,461	-45,911	-9,450
Oats.....	51,163	-49,252	1,911
Wheat.....	-39,790	61,399	21,609
Rice.....	8,361	-52,189	-43,828
Upland cotton.....	35,807	-38,039	-2,232
Dairy.....	293,811	-276,769	17,042
Total diversion payments (cash).....	-1,124,887	346,411 (12)	-778,476
Up. cotton loan def. pymts (cash).....	-72,815,031	73,728,983 (13)	913,952
Rice loan def. pymts (cash).....	0	12,233,063 (14)	12,233,063
Rice marketing payments.....	159	1,707 (15)	1,866
Dairy termination program.....	167,946,612	20,857,969 (16)	188,804,581
Livestock emergency assistance.....	-1,344,669,774	1,493,118,160 (17)	148,448,386
Cost/share burning pear program.....	86,555	538,051 (18)	624,606
Forage assistance program.....	-45,092,238	44,805,125 (19)	-287,113
Tree assistance program.....	-36,079,372	38,933,752 (20)	2,854,380
88 Crop disaster payments (cash).....	-106,350,265	93,072,042 (21)	-13,278,223
89 Crop disaster payments.....	296,126	17,511,492 (22)	17,807,618
TOTAL CASH PAYMENTS (10-22 Above).....	5,136,637,994	-144,556,072	4,992,081,922
Deficiency payments (certificates):			
Corn.....	687,356,620	-685,847,570	1,509,050
Grain sorghum.....	64,720,116	-69,056,424	-4,336,308
Barley.....	47,967,515	-48,471,495	-503,980
Oats.....	3,480,558	-3,463,420	17,138
Wheat.....	-495,775,759	494,399,273	-1,376,486
Rice.....	-73,530,260	71,304,772	-2,225,488
Upland cotton.....	-132,155,868	131,543,006	-612,862
Total deficiency payments (certificates).....	102,062,922	-109,591,858 (23)	-7,528,936

JUSTIFICATION OF INCREASES AND DECREASES (CONTINUED)

Realized Losses, Fiscal Years 1989 and 1990

Item	Fiscal Year 1989	Increases and Decreases	Fiscal Year 1990
Diversion payments (certificates):			
Corn.....	15,213,268	-14,077,481	1,135,787
Grain sorghum.....	3,832,857	-3,498,994	333,863
Barley.....	684,157	-666,759	17,398
Oats.....	75,916	-85,315	-9,399
Wheat.....	200,590	-501,444	-300,854
Total diversion payments (certificates).....	20,006,788	-18,829,993 (24)	1,176,795
Upland cotton loan def. cert.....	1,247,658	-1,304,309 (25)	-56,651
Upland cotton inv. protection cert.....	3,953,481	-3,709,454 (26)	244,027
Upland cotton first handler cert.....	-2,685,923	2,720,271 (27)	34,348
Rice marketing certificates.....	107,308	-83,545 (28)	23,763
Ethanol plants assistance program.....	-90,000	83,285 (29)	-6,715
Emergency feed certif. program.....	527,241	-614,992 (30)	-87,751
Export enhancement certificates.....	393,475,761	-159,835,786 (31)	233,639,975
Targeted export certif. program.....	122,348,840	32,735,514 (32)	155,084,354
Distress commodity certificates.....	107,892	-139,338 (33)	-31,446
Conservation reserve program cert.....	-13,508,706	10,002,196 (34)	-3,506,510
89 Crop disaster assist. cert.....	1,018,000,000	-562,006,336 (35)	455,993,664
86 Crop disaster assist. cert.....	795,611	-1,209,151 (36)	-413,540
TOTAL CERTIFICATE PAYMENTS, NET (23-35 above).....	1,646,348,873	-811,783,496	834,565,377
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (10-35 above).....	6,782,986,867	-956,339,568	5,826,647,299
Export enhance. prog. (non-cert).....	30,673,419	-24,443,980 (37)	6,229,439
Emergency feed assistance program.....	-650,023	52,507 (38)	-597,516
Conservation reserve program (non-cert):			
Cost-share assistance payments.....	-188,252	-29,719	-217,971
Technical assistance payments.....	0	0	0
Annual rental (cash).....	-9,002	-45,789	-54,791
1988 Disaster cost sharing.....	3,526	-3,526	0
Liquidated damages.....	-1,457,616	-381,357	-1,838,973
Total conservation reserve.....	-1,651,344	-460,391 (39)	-2,111,735
Payment-in-Kind entitlements.....	-468,409	-1,373,044 (40)	-1,841,453
Marketing loan write-offs:			
Upland cotton.....	186,457,465	-187,107,615	-650,150
Rice.....	64,963,745	46,765,426	111,729,171
Honey.....	37,180,763	-4,465,376	32,715,387
Total marketing loan write-offs.....	288,601,973	-144,807,565 (41)	143,794,408
Milk marketing fee collection programs:			
Milk marketing fees (PL 97-253).....	-62,493	60,414	-2,079
Milk marketing fees (PL 98-180).....	-19,231	12,141	-7,090
Milk marketing fees (PL 99-198).....	-13,010,227	12,878,626	-131,601
Milk marketing fees (PL 100-203).....	0	-1,418	-1,418
Milk marketing fees (PL 100-202).....	0	-7,553,502	-7,553,502
Total milk marketing fees.....	-13,091,951	5,396,261 (42)	-7,695,690
Tobacco budget deficit assessment.....	-3,500,589	-207,874 (43)	-3,708,463
Ocean transportation for section 416 export donations.....	44,783,497	5,804,017 (44)	50,587,514
Other program expense (net).....	-76,907,530	52,482,670	-24,424,860
Interest (net).....	87,928,314	309,684,833 (45)	397,613,147
Operating expenses (net).....	663,425,281	-36,435,205 (46)	626,990,076
Total gross realized losses.....	10,791,826,537	-1,828,982,522	8,962,844,015
Offsetting income from FY 1988 "Operating Expenses" advance approp.....	-4,164,601,946	4,140,549,929	-24,052,017
Net realized losses.....	6,627,224,591	2,311,567,407	8,938,791,998

Minus (-) indicates gain or adjustment to prior year.

The above analysis of realized losses covers the difference between the actual 1989 and 1990 losses of the Corporation. The fiscal year 1988 appropriations act appropriated \$21,133,658,000 to CCC for "Operating Expenses." \$4,164,601,946 of this amount was applied to reduce fiscal year 1989 gross losses. The fiscal year 1990 appropriations act (P.L. 101-161) provided \$4,233,000,000 to restore the unreimbursed balance of fiscal year 1988 losses of \$1,566,828,000 and \$2,666,172,000 of fiscal year 1989 losses. The fiscal year 1991 appropriations act (P.L. 101-506) provided \$5,000,000,000 to restore the unreimbursed balance of fiscal year 1989 losses of \$3,961,053,000 and \$1,038,947,000 of fiscal year 1990 losses.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1992. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid any operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1989 to fiscal year 1990 follow:

- (1) A decrease of \$296,515,160 in losses on sales (\$659,819,795 in 1989).
This decrease is attributed mainly to the substantial decline in the volume of commodity certificate issuances and the related certificate sales. The largest loss decrease was for feed grains, which declined by 55 percent to \$209 million. Certificates are issued at the current market price for a particular commodity. Certificate holders can exchange certificates for CCC-owned commodities based on the market price at the time of redemption or redeem an outstanding CCC loan and receive a commodity quantity also based on the market price at the time of redemption. A loss is realized because the CCC book value, which includes redeemed loans valued at the loan rate, generally exceeds the value of the certificates as issued. In fiscal year 1990, CCC-owned commodities valued at \$2,106 million were redeemed with certificates valued at \$1,854 million. The \$251 million difference represents the loss on certificates. The remaining loss on sales in fiscal year 1990, \$112 million, includes losses on the sale from CCC inventory of dairy products, corn, and rice. Gains on the sale of wheat and soybeans partially offset these losses.
- (2) A decrease of \$89,384,878 in domestic donations (\$519,325,313 in 1989).
This decrease primarily reflects decreased donations of dairy products under Section 416 for the School Lunch and Special Donations to Needy Families Programs due to lower CCC inventory availability. An increase in the donated value of corn, wheat flour, and honey partially offset the decrease.
- (3) A decrease of \$43,665,827 in export donations (\$288,942,557 in 1989).
This decrease primarily reflects decreased donations of wheat, soybeans, and rice, under Section 416 of the Agricultural Act of 1949 due to lower CCC inventory availability. Larger donations of grain sorghum and butter slightly offset the decrease.

- (4) A decrease of \$324,974,215 in storage and handling expense (\$586,399,215 in 1989). A decrease in expenses of \$323,923,461 for the commercial storage and handling of feed grains, wheat and upland cotton in fiscal year 1990 accounts for most of the total decrease. Certificate redemptions of CCC-owned inventory and lower loan collateral forfeitures resulted in lower CCC inventories and therefore lower storage and handling expenses.
- (5) A decrease of \$9,805,744 in transportation expense (\$40,647,760 in 1989). Accounting adjustments to rice in fiscal year 1990 which reduced fiscal year 1990 costs, along with lower transportation costs for wheat and dairy products are responsible for the decrease.
- (6) A decrease of \$1,156,000 in loans written off (\$12,768,000 in 1989). Fiscal year 1990 write-offs represent lower write-offs for peanuts, and corn loans offset partially by higher write-offs for tobacco.
- (7) A decrease of \$211,089,359 in producer storage payments (\$481,794,392 in 1989). With an overall decline in the bushels held in the reserve, producer storage payments decreased. Advance storage payments of \$164,742,000, which were made in fiscal year 1989 and recorded as a loss in fiscal year 1990 when earned, partially offset the decrease.
- (8) A decrease of \$100,000,000 in Federal Crop Insurance Corporation (FCIC) crop indemnity payments (\$400,000,000 in 1989). The FSA amended the Federal Crop Insurance Corporation Act authorizing the Secretary to use CCC funds at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1990 losses reflect \$300,000,000 transferred to FCIC to pay claims in fiscal year 1990.
- (9) An increase of \$38,256,000 in transfers to APHIS for animal and plant disease eradication (\$0 in 1989). No losses were recorded for transfers to APHIS in fiscal year 1989. Two transfers were made to APHIS in fiscal year 1990 to fund a portion of the Mediterranean, Mexican, and Oriental fruitfly emergency programs and the salmonella enteritidis emergency program.
- (10) A decrease of \$3,470,170 in total cash disaster payments (\$3,501,891 in 1989). Fiscal year 1990 activity primarily reflects the balance of prevented planting disaster payments for 1984 and 1985 program crops which were made during 1990 as the result of a U.S. Court of Appeals decision.
- (11) A decrease of \$1,936,232,657 in cash deficiency payments (\$6,570,938,218 in 1989). The \$1.9 billion decrease is mainly due to lower 1989 crop final deficiency payment losses in fiscal year 1990. The 1989 crop cash liability of \$6,381,873,655, which was originally recorded as a loss in fiscal year 1989, was overestimated by \$1,524,882,147, resulting in decreased 1989 crop cash deficiency payment losses. Approximately \$200 million of the decrease is due to lower estimated 1990 crop cash deficiency payments as compared to 1989 crop cash deficiency payments. In fiscal year 1990, advance 1990 crop cash deficiency payments of \$3,230,296,871 were made representing 40 percent of total 1990 crop deficiency payments for feed grains, wheat, upland cotton, and rice. An additional \$2,929,803,129 in 1990 crop cash deficiency payments was established as a loss in fiscal year 1990 with payment to be made in fiscal year 1991 in keeping with the GAO requirement that estimated payments due producers be accrued as a loss in the fiscal year in which the payment liability is recognized. By comparison, 1989 crop cash payment losses in fiscal year 1989 totaled \$6,381,873,655, an amount \$221,773,655 higher than 1990 crop cash payment losses.

- (12) A net increase of \$346,411 in cash diversion payments (-\$1,124,887 in 1989). The fiscal year 1990 negative amount mainly reflects accounting adjustments to the diversion programs in effect for 1986 and prior crops of oats, cotton, and rice, and 1987 crop corn, grain sorghum, barley, and oats. A small amount of 1985 and prior crop corn, sorghum, barley and wheat, and 1987 crop grain sorghum and oats partially offset the 1990 total.
- (13) An increase of \$73,728,983 in upland cotton cash loan deficiency payments (-\$72,815,031 in 1989). Authorized by the FSA, this payment was made to producers, who although eligible to obtain 1988 crop loans, agreed to forego them in exchange for the payment. The fiscal year 1990 loss of \$913,952 represents adjustments to payments made in previous years.
- (14) An increase of \$12,233,063 in rice cash loan deficiency payments (\$0 in 1989). Authorized by the FSA, this payment was made to producers, who although eligible to obtain 1989 crop loans, agreed to forego them in exchange for the payment. The 1989 crop was the first year this authority was used for rice. No 1989 crop payments were projected in fiscal year 1989. However, \$1,133,063 in payments were subsequently made and expensed in fiscal year 1990. 1990 crop payments of \$1,083,076 were also made fiscal year 1990. An additional \$10,016,924 in 1990 crop loan deficiency payments was established as a loss in fiscal year 1990 with payments to be made in fiscal year 1991.
- (15) An increase of \$1,707 in rice marketing payments (\$159 in 1989). Similar to upland cotton first handler certificates, 1986 crop rice marketing certificates were issued to eligible producers whenever the world price for rice fell below the loan repayment rate. Cash payments were made in lieu of certificate payments for amounts less than \$100. The fiscal year 1990 loss of \$1,866 represents additional 1986 crop cash payment adjustments.
- (16) An increase of \$20,857,969 in dairy termination payments (\$167,946,612 in 1989). The increase reflects producer-selected payment options during the fifth year's operation of the dairy termination program, which was implemented in fiscal year 1986 under the FSA. Dairy termination payments, based on accepted bids submitted by producers, are made to eligible producers who agreed to discontinue milk production for a period of five years. Payments will continue through fiscal year 1992.
- (17) A increase of \$1,493,118,160 in livestock emergency assistance (-\$1,344,669,774 in 1989). The increase reflects 1988 through 1990 program liabilities of \$148,448,386 in fiscal year 1990. Estimated 1990 program liabilities are \$100,000,000 of which \$84,132,077 will be provided in fiscal year 1991. Payments made in fiscal year 1990 for the 1988, 1989, and 1990 programs totaled \$152,859,094.
- (18) An increase of \$538,051 in cost-share burning prickly pear program (\$86,555 in 1989). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1990 loss represents 1988/1989 program payments of \$619,211 made in fiscal year 1990 and 1990 program payments of \$5,395.
- (19) A increase of \$44,805,125 for the Forage Assistance Program (-\$45,092,238 in 1989). Authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988 and 1989. The 1990 loss represents a negative adjustment of \$287,113 for the 1988 program to offset the overstatement of estimated 1988 program liabilities recorded in 1989. Payments made in fiscal year 1990 for the 1988 program were \$12,887.

- (20) An increase of \$38,933,752 for the Tree Assistance Program (-\$36,079,372 in 1989). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. The increase reflects 1988 and 1989 program liabilities in fiscal year 1990. Estimated 1989 program liabilities are \$1,679,649 of which \$1,542,000 will be provided in fiscal year 1991. Payments made in fiscal year 1990 for the 1988 and 1989 programs totaled \$3,060,426.
- (21) A increase of \$93,072,042 in 1988 crop disaster payments made in cash (-\$106,350,265 in 1989). The fiscal year 1990 loss represents an additional negative adjustment of \$13,278,223 for the 1988 crop.
- (22) An increase of \$17,511,492 on 1989 crop disaster payments (\$296,126 in 1989). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1990 loss represents cash payments of \$17,807,618 to producers for the 1989 program. The majority of 1989 crop disaster payments are being made in certificates. (see also explanation #35)
- (23) A decrease of \$109,591,858 in deficiency payments made in generic certificates (\$102,062,922 in 1989). This decrease reflects a shift in the payment mix from certificates to 100 percent cash for the 1990 crop versus earlier crop years. Fiscal year 1990 activity consisted of accounting adjustments for the 1986 through 1989 crops to correct an earlier overstatement of certificate payment liability. (see also explanation #11)
- (24) A decrease of \$18,829,993 in diversion payments made in certificates (\$20,006,788 in 1989). A 10-percent land diversion program with payments made in certificates was in effect for the 1988 feed grains crops, which included corn, grain sorghum and barley. The fiscal year 1990 amount includes \$596,643 in certificates issued for the 1988 crop and \$1,023,655 in additional payments for feed grains under a 15 percent land diversion program effective for the 1987 crop. No land diversion programs were in effect for the 1989 or 1990 crops.
- (25) A decrease of \$1,304,309 in upland cotton loan deficiency payments made in certificates (\$1,247,658 in 1989). Loan deficiency payments were issued for the 1986 crop with one-half of the payments made in cash and one-half in certificates. The fiscal year 1990 amount of \$-56,651 represents additional certificate payment adjustments. Total certificate payments for the 1986 crop, including adjustments were \$65,241,215.
- (26) A decrease of \$3,709,454 in upland cotton inventory protection certificates (\$3,953,481 in 1989). As with rice inventory payments, the FSA required a one-time transition payment to all holders of 1985 and prior crop year upland cotton to protect these privately-held stocks from any sudden price decreases due to the implementation of the FSA. The fiscal year 1990 amount reflects adjustments for these payments. The total value of certificates issued for inventory protection including adjustments is \$620,401,438.
- (27) An increase of \$2,720,271 in upland cotton first handler certificates (-\$2,685,923 in 1989). This payment, authorized by the FSA, is required to eligible first handlers of cotton if certain CCC programs fail to make upland cotton fully competitive in world markets and the world market price for cotton is less than the loan repayment rate. The fiscal year 1990 loss represents 1986 crop first handler certificate accounting adjustments. Overall payments of \$110,459,161 were made from fiscal years 1986 through 1990.

- (28) A decrease of \$83,545 in rice marketing certificates (\$107,308 in 1989). Similar to the upland cotton first handler certificates, rice marketing certificates must be issued to eligible producers whenever the world price for rice falls below the minimum loan repayment rate. This was done only for the 1986 crop. The fiscal year 1990 payment of \$23,763 represents additional 1986 crop certificate payment adjustments. Total program payments from fiscal years 1986 through 1990 were \$19,067,263.
- (29) An increase of \$83,285 in the ethanol plants assistance program (-\$90,000 in 1989). In order to encourage the use of grain in the production of fuel ethanol, the FSA authorized CCC to make commodities available for sale at no cost or reduced cost to qualifying ethanol producers. The majority of these payments, which were issued in certificates, was made during fiscal years 1986 and 1987. No assistance was provided to ethanol plants in fiscal years 1988 through 1990. The amounts for fiscal years 1988 through 1990 represent adjustments for prior year payments. Payments made over fiscal years 1986 through 1990 totaled \$53,641,238.
- (30) A decrease of \$614,992 in emergency feed certificates (\$527,241 in 1989). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but are unavailable due to natural disaster. The fiscal year 1990 amount of -\$87,751 is for payment adjustments in connection with 1986 crop disasters.
- (31) A decrease of \$159,835,786 in export enhancement certificates (\$393,475,761 in 1989). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FSA to make available to commercial exporters either CCC-owned commodities for bonus payments or issue transferable export certificates which may later be redeemed for CCC commodities. The fiscal year 1990 loss reflects the value of export certificates issued.
- (32) An increase of \$32,735,514 for targeted export assistance certificates (\$122,348,840 in 1989). To counter or offset the adverse effect of subsidies, import quotas or other unfair trade practices in foreign countries, the Secretary must issue certificates which may be exchanged for CCC commodities to assist promotion activities for commodities or products affected by such practices, or use CCC funds at the Secretary's discretion. The fiscal year 1990 amount is for certificate payments issued to assist in these export promotion activities.
- (33) A decrease of \$139,338 in distress commodity certificates (\$107,892 in 1989). These payments were made in fiscal year 1987 to producers who converted their recourse distress loans to nonrecourse distress loans as part of the settlement process. The fiscal year 1990 amount reflects adjustments for these payments.
- (34) An increase of \$10,002,196 in conservation reserve program certificates (-\$13,508,706 in 1989). This increase reflects a smaller accounting adjustment for annual rental payments issued in certificates partially offset by higher corn bonus payment adjustments.

- (35) A decrease of \$562,006,336 in 1989 crop disaster assistance certificates. (\$1,018,000,000 in 1989). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses in 1988 due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1990 loss represents certificate issuance for the 1989 crop program. The estimated 1989 program liability, which was originally recorded as a loss in fiscal year 1989, was underestimated by \$455,993,664.
- (36) A decrease of \$1,209,151 in disaster assistance certificates for 1986 (\$795,611 in 1989). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. Fiscal year 1990 losses reflect additional payment adjustments in connection with 1986 crop disasters.
- (37) A decrease of \$24,443,980 for the export enhancement program (non-certificate), (\$30,673,419 in 1989). Fiscal year 1990 activity reflects the value of CCC-owned corn, wheat, and soybeans issued as bonus payments to U.S. exporters to expand export sales in those markets where unfair foreign trade practices were used. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.
- (38) An increase of \$52,507 in Emergency Feed Assistance Program (-\$650,023 in 1989). The fiscal year 1990 loss reflects a negative adjustment of \$597,516 for the 1989 program to offset the overstatement of program liabilities recorded in fiscal year 1989.
- (39) A decrease of \$460,391 for the conservation reserve program (non-certificate) (-\$1,651,344 in 1989). This decrease reflects accounting adjustments for cost-share and rental payments and a \$381,357 increase in liquidated damages collected. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.
- (40) A net increase of \$1,373,044 in payment-in-kind (PIK) program costs (-\$468,409 in 1989). The increase is due to adjustments to PIK activity for fiscal years 1983 and 1984 accrued losses for the 1983 crops of wheat, corn, grain sorghum, rice and upland cotton, and for the 1984 crop of wheat.
- (41) A decrease of \$144,807,565 in marketing loan write-offs (\$288,601,973 in 1989). The decrease mainly reflects an increase in the adjusted world price for upland cotton to above the loan rate. Since the marketing loan write-off rate is based on the difference between the original loan rate and a repayment rate which, in turn, is linked to the world price, the world price increase effectively lowered the write-off rate for upland cotton to zero. A lower 1990 crop and 1989 crop versus 1988 crop loan rate for honey and higher 1989 and 1990 crop loan repayment rates which lowered the loan write-off rates also contributed to the decrease in marketing loan write-offs. Increases in marketing loan write-offs for rice due to decreases in the adjusted world price partially offset these decreases.

- (42) A net decrease (smaller gain) of \$5,396,261 in milk marketing fees (-\$13,091,951 in 1989). The decrease in fiscal year 1990 reflects one month of operation of the collection program versus three months operation in fiscal year 1989. The fiscal year 1990 Gramm-Rudman-Hollings sequester of 1.4 percent was achieved through a deduction of 6.3 cents per hundredweight on all milk marketed during the month of January 1990 only. Fiscal year 1990 receipts include collections of \$7,553,502 from this one month collection.
- (43) A decrease (gain) of \$207,874 for tobacco budget deficit assessments collected (-\$3,500,589 in 1989). The fiscal year 1990 amount reflects assessments collected for 1989 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1987 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction.
- (44) An increase of \$5,804,017 in ocean transportation expense for Section 416 export donations (\$44,783,497 in 1989). The increase is mainly due to an increase in metric tonnage shipped in 1990, particularly in the donation of butter and grain sorghum.
- (45) An increase of \$309,684,833 in net interest expense (\$87,928,314 in 1989). A major factor was an increase in Treasury borrowings of \$2.9 billion for commodities and programs. Partially offsetting this increase was a decrease in the average interest rate paid on borrowings (8.00 percent in 1990 versus 8.75 percent in 1989). A decrease in accrued interest income for the export credit guarantee and rescheduled export guarantee loan programs was the other major contributor to the overall increase.
- (46) A decrease of \$36,435,205 in operating expenses (\$663,425,281 in 1989). Lower miscellaneous operating expenses are primarily responsible for the decrease.

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored):

COMMODITY CREDIT CORPORATION LOANS PROGRAM ACCOUNT

- 1 For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of modifying loans, of guaranteed loans authorized by the Agricultural Trade Act of 1978, as amended, such sums as may be necessary: Provided, That these funds are available to subsidize gross commitments for the total loan principal any part of which is to be guaranteed not to exceed \$5,700,000,000.
- 2 In addition, for administrative expenses to carry out CCC's Export Guarantee Programs, GSM 102 and GSM 103, \$3,320,000, of which not to exceed \$2,731,000 may be transferred to and merged with the appropriations for the Salaries and Expenses of the General Sales Manager, and of which not to exceed \$589,000 may be transferred to and merged with the appropriation for the Salaries and Expenses of the Agricultural Stabilization and Conservation Service, to cover the common overhead expenses associated with implementing the Credit Reform Act of 1990.

The first change adds permanent, indefinite authority to cover the lifetime subsidy level associated with the CCC guaranteed export credit programs as required by the Omnibus Budget Reconciliation Act of 1990. The claim disbursements and repayment activity of these guarantees were formerly covered in the main CCC account.

The second change adds authority to cover administrative costs of the Agricultural Stabilization and Conservation Service and the General Sales Manager related to the CCC guaranteed credit programs. These costs were formerly included in the Agricultural Stabilization and Conservation Service Salaries and Expenses account as transfer authority from CCC, and in the General Sales Manager account as allotment transfers from the CCC.

CCC Loans Program Account

	<u>Limitation on Guaranteed Loans</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, 1991.....	\$5,700,000,000	---	---
Amount, 1992.....	<u>5,700,000,000</u>	<u>\$155,524,000</u>	<u>\$3,320,000</u>
Increase in Amount....	<u>---</u>	<u>+\$155,524,000</u>	<u>+\$3,320,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of loan levels, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Guarantee Loan Levels....	\$5,700,000,000	---	\$5,700,000,000
Subsidy costs.....	---	+\$155,524,000	155,524,000
Administrative expenses:			
General Sales Manager..	---	+2,731,000	2,731,000
ASCS.....	---	+589,000	589,000
Total, Admin.Expenses	<u>---</u>	<u>+3,320,000</u>	<u>3,320,000</u>
Total Available.....	<u>---</u>	<u>+\$158,844,000</u>	<u>\$158,844,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Guarantee Loan Levels....	\$5,500,000,000	\$5,700,000,000	---	\$5,700,000,000
Guaranteed loan subsidy... (Permanent, indefinite)...	---	---	+\$155,524,000	155,524,000
Administrative expenses... (Current, definite).....	---	---	+3,320,000 (1)	3,320,000
Total, appropriation.....	---	---	+\$158,844,000	\$158,844,000

JUSTIFICATION OF INCREASE

(1) An increase of \$158,844,000 in the program account appropriation.

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Guarantee Loan Levels...	\$5,700,000,000	---	\$5,700,000,000
Subsidy costs.....	---	+\$155,524,000 (a)	155,524,000
Administrative expenses:			
General Sales Manager.	---	+2,731,000 (b)	2,731,000
ASCS.....	---	+589,000 (c)	589,000
Total, Administrative expenses.....	---	+3,320,000	3,320,000
TOTAL.....	---	+\$158,844,000	\$158,844,000

Need for Change. Prior to fiscal year 1992, guaranteed loans were accounted for on a cash basis. Under Credit Reform, which was authorized by the Balanced Budget Act of 1990 (Title XIII of the Omnibus Budget Reconciliation Act of 1990), all subsidy costs arising from GSM-102 and GSM-103 commitments made in fiscal year 1992 and beyond will be recorded in a separate guarantee loan program account. Budget authority and outlays reflect an estimate of the present value of net program costs over the life of the loan. These subsidy costs include interest subsidy, and the costs of delinquency and default. Only these unreimbursed costs of making new loans, i.e., the subsidy costs and administrative expenses, will be counted in the budget totals.

Nature of Change.

- (a) An increase of \$155,524,000 for the subsidy portion of the Export Guarantee Loans program (\$0 in 1991).
- (b) An increase of \$2,731,000 for the Office of the General Sales Manager (OGSM) administrative expenses associated with the Export Guarantee Loans program (\$0 in 1991). These expenses were formerly included in the General Sales Manager account as allotment transfers from the CCC. This portion of export credit guarantee administrative expenses is merged with and justified in the OGSM Notes.
- (c) An increase of \$589,000 for ASCS administrative expenses associated with the Export Guarantee Loans program (\$0 in 1991). These expenses were formerly included in the Agricultural Stabilization and Conservation Service Salaries and Expenses account as transfer authority from the CCC. This portion of export credit guarantee administrative expenses is merged with and justified in the ASCS Notes.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1989 and 1990 losses of the Corporation. The 1989 losses have already been reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(thousands of dollars)	
	<u>1991</u>	<u>1992</u>
Appropriation (for realized losses).....	\$5,000,000	\$9,000,000 <u>a/</u>
Portion applied to debt reduction.....	<u>-5,000,000</u>	<u>-9,000,000</u>
Adjusted Appropriation.....	---	---
Adjustments:		
Authority to borrow.....	+11,222,818	+10,439,183
Export Guarantee Loan Program		
appropriation.....	---	+158,844
National Wool Act appropriation.....	<u>+104,407</u>	<u>+175,052</u>
Budget Authority (net).....	<u><u>11,327,225</u></u>	<u><u>10,773,079</u></u>

a/ Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1989 through 1992.

Fiscal Year 1989 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
Program Costs:							
Gain(-) or loss on sales	659.8	529.4	69.7	-22.2	-6.8	121.3	-31.6
Domestic donations	519.3	8.2	35.3	0.8	—	416.3	58.7
Export donations	288.9	125.7	153.6	4.7	—	—	4.9
Storage and handling	586.4	414.9	84.3	0.5	66.2	13.1	7.4
Transportation	40.6	13.9	4.5	4.8	—	16.6	0.8
Loans written off	12.8	0.3	0.3	—	—	—	12.2
Producer storage payments	481.8	377.2	104.4	—	—	—	0.2
Cash deficiency payments	6,570.9	5,033.6	626.4	482.1	428.7	—	0.1
Cash diversion payments	-1.1	-1.4	—	—	—	0.3	—
Deficiency certificate payments	102.1	803.5	-495.8	-73.5	-132.1	—	—
Cash loan deficiency payments	-72.8	—	—	—	-72.8	—	—
Diversion certificate payments	20.0	19.8	0.2	—	—	—	—
Dairy termination program	167.9	—	—	—	—	167.9	—
Livestock assistance	-1,344.6	—	—	—	—	—	-1,344.6
Cash crop Disaster Payments	-106.1	—	—	—	—	—	-106.1
Crop Disaster Certificates	1,018.8	—	—	—	—	—	1,018.8
Other certificates ^{b/}	505.5	—	—	0.1	2.5	—	502.9
Marketing loan write-offs	288.6	—	—	65.0	186.4	—	37.2
FCIC crop indemnity payments	400.0	—	—	—	—	—	400.0
Other ^{c/}	-98.3	-79.6	31.6	-1.0	1.1	-4.7	-45.7
Total program costs	10,040.5	7,245.5	614.5	461.3	473.2	730.8	515.2
Nonprogram costs:							
Interest (net):							
Support and related	289.9						
Export credit sales	58.0						
Short-term and intermediate Export guarantees	-260.0						
Operating expenses	663.4						
Total nonprogram costs	751.3						
Total realized losses, gross	10,791.8						
Offsetting income from FY 1988 advance appropriation	-4,164.6						
Total, net realized losses	6,627.2						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs, loan deficiency, inventory protection, cotton first handler, rice marketing, ethanol plant assistance, conservation reserve program, and emergency feed.

c/ Includes gains/adjustments of -69.4 million for forage assistance, tree assistance, the conservation reserve program, payment-in-kind entitlements, milk marketing fees, and tobacco budget deficit assessment. Offsetting losses for export enhancement, ocean transportation for export donations, and losses for other programs net to the \$-98.3 million shown.

Fiscal Year 1990 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
Program Costs:							
Gain(-) or loss on sales	363.3	220.3	-1.6	31.7	5.8	110.5	-3.4
Domestic donations	429.9	13.8	36.9	2.0	—	299.6	77.6
Export donations	245.3	195.8	3.4	1.6	—	36.3	8.2
Storage and handling	261.4	192.9	48.2	1.7	4.2	16.5	-2.1
Transportation	30.8	14.8	2.6	—	—	13.4	—
Loans written off	11.6	0.3	—	—	—	—	11.3
Producer storage payments	270.7	209.2	61.5	—	—	—	—
Cash deficiency payments	4,634.7	1,093.8	2,397.5	565.7	577.7	—	—
Cash diversion payments	-0.8	-0.8	—	—	—	—	—
Deficiency certificate payments	-7.5	-3.3	-1.4	-2.2	-0.6	—	—
Cash loan deficiency payments	13.1	—	—	12.2	0.9	—	—
Diversion certificate payments	1.2	1.5	-0.3	—	—	—	—
Dairy termination program	188.8	—	—	—	—	188.8	—
Livestock Assistance	149.1	—	—	—	—	—	149.1
Cash Crop Disaster Payments	4.5	—	—	—	—	—	4.5
Crop Disaster Certificates	455.6	—	—	—	—	—	455.6
Other certificates ^{b/}	385.3	—	—	—	0.2	—	385.1
Marketing loan write-offs	143.8	—	—	111.7	-0.7	—	32.8
FCIC crop indemnity payments	300.0	—	—	—	—	—	300.0
Other ^{c/}	57.4	-11.2	-0.2	0.1	0.4	0.7	67.6
Total program costs	7,938.2	1,927.1	2,546.6	724.5	587.9	665.8	1,486.3
Nonprogram costs:							
Interest (net):							
Support and related	487.0						
Export credit sales	35.2						
Short-term and Intermediate export guarantees	-124.6						
Operating expenses	627.0						
Total nonprogram costs	1,024.6						
Total realized losses, gross	8,962.8						
Offsetting income from FY 1988 advance appropriation	-24.0						
Total, net realized losses	8,938.8						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, export enhancement, disaster payments, livestock assistance, FCIC crop indemnity payments and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs, loan deficiency, inventory protection, cotton first handler, rice marketing, ethanol plant assistance, conservation reserve program, and emergency feed.

c/ Includes \$88.8 million in losses for ocean transportation for export donations, and transfers to APHIS for eradication of animal and plant disease. Offsetting gains for milk marketing fees, the tobacco budget deficit assessment and other programs net to the \$57.4 million shown.

Fiscal Year 1991 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
<u>Program Costs:</u>							
Gain(-) or loss on sales	336.2	126.5	59.5	-0.3	-0.7	150.7	0.5
Domestic donations	445.8	9.0	22.3	1.2	—	376.7	36.6
Export donations	281.6	226.2	—	—	—	55.4	—
Storage and handling	240.7	180.3	45.1	0.3	0.1	14.0	0.9
Transportation	40.1	11.8	3.1	1.0	—	24.1	0.1
Loans written off	10.6	—	—	—	—	—	10.6
Producer storage payments	105.5	93.6	11.9	—	—	—	—
Cash deficiency payments	7,227.4	3,679.0	2,484.9	542.2	521.2	—	0.1
Cash loan deficiency payments	12.9	—	—	12.9	—	—	—
Dairy termination program	100.3	—	—	—	—	100.3	—
Cash crop disaster payments	5.1	—	—	—	—	—	5.1
Crop disaster certificates	1.3	—	—	—	—	—	1.3
FCIC Crop Indemnity Payments	150.0	—	—	—	—	—	150.0
Other certificates ^{b/}	940.0	—	—	—	—	—	940.0
Marketing promotion program cash payments	160.0	—	—	—	—	—	160.0
Marketing loan write-offs	217.0	—	—	199.2	—	—	17.8
Marketing assessments and loan origination fees	-75.6	-4.0	—	—	—	-66.2	-15.4
Other ^{c/}	119.4	—	0.1	—	—	—	119.3
Total program costs	10,318.3	4,322.4	2,626.9	756.5	520.6	665.0	1,426.9
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	76.5						
Export credit sales	49.9						
Short-term and intermediate export guarantees	137.2						
Operating expenses	729.1						
Total nonprogram costs	992.7						
Total realized losses, gross	11,311.0						
Offsetting income from FY 1988 advance appropriation	-403.7						
Total, net realized losses	10,907.3						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, vegetable oil products, honey, sugar, administrative equipment, export guarantee program fees, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other certificates include the export enhancement and market promotion programs.

c/ Other costs includes depreciation costs associated with administrative equipment and miscellaneous expenses.

Fiscal Year 1992—Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
<u>Program Costs:</u>							
Gain(-) or loss on sales	238.7	62.1	—	-0.4	—	176.9	0.1
Domestic donations	505.4	8.6	21.9	1.2	—	414.9	58.8
Export donations	98.9	51.6	—	—	—	47.2	0.1
Storage and handling	146.1	84.9	49.5	0.3	—	10.9	0.5
Transportation	30.6	4.5	0.9	0.8	—	24.4	—
Loans written off	7.2	—	—	—	—	—	7.2
Cash deficiency payments	6,425.8	2,927.5	2,358.0	503.3	637.0	—	—
Cash loan deficiency payments	11.8	—	—	11.8	—	—	—
Dairy termination program	10.9	—	—	—	—	10.9	—
FCIC crop indemnity payments	150.0	—	—	—	—	—	150.0
Export enhancement program certificates	1,200.0	—	—	—	—	—	1,200.0
Market promotion program cash payments	200.0	—	—	—	—	—	200.0
Marketing loan write-offs	255.6	—	—	237.7	—	—	17.9
Marketing assessments and loan origination fees	-247.4	-10.5	—	—	—	-144.6	-92.3
Other b/	115.4	—	—	—	—	—	115.4
Total program costs	9,149.0	3,128.7	2,430.3	754.7	637.0	540.6	1,657.7
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	46.9						
Export credit sales	55.4						
Short-term and intermediate export guarantees	197.7						
Operating expenses	778.3						
Total nonprogram costs	1,078.3						
Total realized losses, gross	10,227.3						
Offsetting income from Fy 1988 advance appropriation	—						
Total, net realized losses	10,227.3						

a/ Other commodities and programs include soybeans, tobacco, peanuts and peanut products, vegetable oil products, honey, sugar, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other costs include depreciation costs associated with administrative equipment and miscellaneous expenses.

The preceding tables reflect actual and estimated losses by commodity and program which are usually restored by annual appropriations for reimbursement of net realized losses. However, in fiscal year 1988 only, CCC was provided an appropriation for "Operating Expenses" of \$21,133.7 million. The appropriation was subdivided into specific spending authorizations for 17 individual CCC programs and activities, and included authority to transfer up to 7 percent of the amount available for any program to any other program. Application of the advanced funding provided by the "Operating Expenses" appropriation reduced fiscal year 1988 gross losses of \$23,633.5 million proportionate to "Operating Expenses" funds used. Net realized losses in fiscal year 1988 were \$8,640.7 million as a result of the \$14,992.8 million income offset. Another \$4,164.6 million of the "Operating Expenses" appropriation was applied to reduce fiscal year 1989 gross realized losses of \$11,066.4 million for a net realized loss in fiscal year 1989 of \$6,901.7 million. The remainder of the "Operating Expenses" appropriation of \$427.8 million will be applied to reduce fiscal year 1990 and 1991 gross realized losses.

No "7-percent" transfers were necessary in 1988, 1989, and 1990 because CCC has several other funding sources which can be utilized if individual spending authorizations are exceeded. These include available borrowing at the start of the fiscal year and program receipts from operations.

National Wool Act

Appropriation Act, 1991.....	\$104,407,000
Budget Estimate, 1992.....	175,052,000
Increase in Appropriation.....	<u>+70,645,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1991 Estimated (1989 Calendar Year)	Increase	1992 Estimated (1990 Calendar Year)
Total duties collected in the applicable calendar year.....	<u>\$417,764,882</u>	<u>+\$5,000,118</u>	<u>\$422,765,000</u>
70 percent of duties collected, representing maximum available for reimbursement to CCC.....	292,435,417	+3,500,083	295,935,500
Appropriation or estimate to reimburse CCC.....	<u>104,407,000</u>	<u>+70,645,000</u>	<u>175,052,000</u>

The 1991 appropriation covers reimbursement for fiscal year 1990 expenditures (not otherwise recovered) relating to marketings in the 1989 calendar year. The 1992 appropriation estimate covers fiscal year 1991 estimated expenditures relating to marketings in the 1990 calendar year.

PROJECT STATEMENT
(On basis of appropriation)

Item	1990 Actual	1991 Estimated	Increase	1992 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate.....	\$93,485,000	\$104,407,000	+\$70,645,000	\$175,052,000

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food, Agriculture, Conservation, and Trade Act of 1990 to cover marketings through December 31, 1995.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The Omnibus Budget Reconciliation Act of 1990 provides for a marketing assessment for the 1991 through 1995 marketing years for wool and mohair. Wool and mohair producers will have their incentive payments reduced by one percent.

The following table shows amounts collected and available for payment (in thousands of dollars).

<u>Item</u>	Fiscal Year 1990 (1989 Marketing Year) <u>Actual</u>	Fiscal Year 1991 (1990 Marketing Year) <u>Estimate</u>	Fiscal Year 1992 (1991 Marketing Year) <u>Estimate</u>
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953.....	\$4,660,131	\$4,956,067	\$5,255,503
Cumulative payments to producers.....	<u>1,985,300</u>	<u>2,151,500</u>	<u>2,318,000</u>
Balance available, end of year.....	<u>2,674,831</u>	<u>2,804,567</u>	<u>2,937,503</u>

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$70,645,000 in the appropriation to reimburse the Commodity Credit Corporation.

<u>Item of Change</u>	<u>1991 Estimate (Fiscal Year 1990 Expendi- ture)</u>	<u>Increase or Decrease</u>	<u>1992 Estimate (Fiscal Year 1991 Expendi- ture)</u>
Payments to producers:			
Shorn wool.....	\$36,084,000	+\$50,916,000 (a)	\$87,000,000
Unshorn lambs.....	9,390,000	+8,810,000 (b)	18,200,000
Mohair.....	<u>51,398,000</u>	<u>+9,602,000 (c)</u>	<u>61,000,000</u>
Total payments.....	96,872,000	+69,328,000	166,200,000
Operating expenses.....	1,925,000	+268,000 (d)	2,193,000
Interest expenses.....	<u>5,610,000</u>	<u>+1,049,000 (e)</u>	<u>6,659,000</u>
Total.....	<u>104,407,000</u>	<u>+70,645,000</u>	<u>175,052,000</u>

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1991 are \$175,052,000. Program costs are estimated to increase from fiscal year 1990 primarily due to increased payments because of significantly lower market prices received by wool producers.

Nature of Change.

- (a) An increase of \$50,916,000 shorn wool payments (\$36,084,000 in 1991). This results from a projected decline in the season average price for shorn wool, from \$1.24 to \$.85 per pound, increasing the payment rate from 53 to 97 cents per pound, which is applied to higher marketings of shorn wool.
- (b) An increase of \$8,810,000 in payments on unshorn lambs (\$9,390,000 in 1991). This increase is due to an increase in the payment rate for wool as explained above, increasing the payment rate for unshorn lambs from \$2.12 to \$3.88 per hundredweight.
- (c) An increase of \$9,602,000 in payments on mohair (\$51,398,000 in 1991). This increase is primarily due to a decrease in the season average price from \$1.58 to \$1.00, resulting in an increase in the payment rate from \$3.01 to \$3.53 per pound.
- (d) An increase of \$268,000 in operating expenses (\$1,925,000 in 1991). This increase in administrative costs is based on a slightly higher estimated volume of workload, adjusted for pay costs.
- (e) A increase of \$1,049,000 in interest expenses (\$5,610,000 in 1991). This increase is due to increased program costs due to higher payments partially offset by a decrease in the interest rate charged the Corporation for Treasury borrowings.

EXPENDITURES AND REIMBURSEMENTS TO CCC
UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1990, 1991, and 1992.

Item	Fiscal Year 1990 (1989 Marketing Year) Actual	Fiscal Year 1991 (1990 Marketing Year) Estimated	Fiscal Year 1992 (1991 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	84,700,000	89,700,000	91,200,000
Hundredweight, unshorn lambs.	4,700,000	4,700,000	4,700,000
Pounds of mohair.....	16,700,000	17,300,000	17,500,000
Incentive or Support Level:			
Price per lb of wool (cents).....	177.0	182.0	188.0
Price per lb of mohair (cents).....	458.8	453.2	444.8
Percent of parity - wool.	61.2	60.1	57.5
Percent of parity - mohair.....	52.0	51.1	48.9
Payments under Act - Rates:			
Shorn wool, per lb (cents).....	53.0	97.0	103.0
Unshorn lambs, cwt (cents).....	212.0	388.0	412.0
Mohair, per lb (cents)...	300.8	353.2	324.8
Amount of Payments:			
Shorn wool.....	\$36,084,000	\$87,000,000	\$92,600,000
Unshorn lambs.....	9,390,000	18,200,000	19,100,000
Mohair.....	51,398,000	61,000,000	54,800,000
Total payments.....	96,872,000	166,200,000	166,500,000
Marketing Assessments:			
Wool.....	---	---	-1,117,000
Mohair.....	---	---	-548,000
Operating Expenses.....	1,925,000	2,193,000	2,346,000
Interest Expense.....	5,610,000	6,659,000	8,160,000
Current year expenditures..	104,407,000	175,052,000	175,341,000
Unrecovered balance, prior years.....	93,485,000	104,407,000	175,052,000
Total cumulative unrecovered balance....	197,892,000	279,459,000	350,393,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/.....	-93,485,000	-104,407,000	-175,052,000
Unrecovered balance, end of year.....	104,407,000	175,052,000	175,341,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

GENERAL SALES MANAGER

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990			1991			1992		
	Headquarters:	Field	Total	Headquarters:	Field	Total	Headquarters:	Field	Total
ES-5	1	--	1	1	--	1	1	--	1
ES-4	--	--	--	--	--	--	--	--	--
GS/GM-15	6	--	6	6	--	6	6	--	6
GS/GM-14	16	--	16	17	--	17	17	--	17
GS/GM-13	16	--	16	20	--	20	20	--	20
GS-12	34	--	34	36	--	36	36	--	36
GS-11	7	--	7	7	--	7	7	--	7
GS-9	7	--	7	6	--	6	6	--	6
GS-8	3	--	3	5	--	5	5	--	5
GS-7	9	--	9	9	--	9	9	--	9
GS-6	16	--	16	16	--	16	16	--	16
GS-5	2	--	2	2	--	2	2	--	2
GS-4	4	--	4	4	--	4	4	--	4
GS-3	--	--	--	--	--	--	--	--	--
GS-2	--	--	--	--	--	--	--	--	--
Other Graded Positions.....	--	--	--	--	--	--	--	--	--
Ungraded Positions.....	--	--	--	--	--	--	--	--	--
Total Permanent Positions.....	121	--	121	129	--	129	129	--	129
Staff-Years: Ceiling.....	121	--	121	129	--	129	129	--	129
Non-Ceiling.....	--	--	--	--	--	--	--	--	--
Total.....	121	--	121	129	--	129	129	--	129

NOTE: These permanent positions and staff-years are included in the FAS permanent positions and staff-years shown on page 26-4.

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

General Sales Manager (Allotment from Commodity Credit Corporation):

Not to exceed [\$7,803,000] \$5,098,000 may be transferred from the Commodity Credit Corporation funds to support the General Sales Manager, of which up to \$4,000,000 shall be available only for the purpose of selling surplus agricultural commodities from Commodity Credit Corporation inventory in world trade at competitive prices for the purpose of regaining and retaining our normal share of world markets. The General Sales Manager shall report directly to the Secretary of Agriculture. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such developments.

GENERAL SALES MANAGER
ALLOTMENT FROM COMMODITY CREDIT CORPORATION

Allotment, 1991	\$7,803,000
Budget Estimate, 1992	<u>9,103,000</u>
Increase in Allotment	<u>+1,300,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of allotment)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
General Sales Manager	\$7,803,000	+ \$445,000	+ \$855,000	\$9,103,000

PROJECT STATEMENT
(On basis of Allotment)

Project	<u>1990 Actual</u>		<u>1991 Estimated</u>		<u>Increase</u>	<u>1992 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
General Sales Manager (Allotment From CCC)	\$7,415,000	121	\$7,803,000	129	-\$2,705,000	\$5,098,000	72
Administrative Expenses Contained in Other Accounts:							
CCC Loans Program Account	--	--	--	--	+ 2,731,000	2,731,000	39
P.L. 480 Program Account	--	--	--	--	+ 1,274,000	1,274,000	18
Total, Administrative Expenses	7,415,000	121	7,803,000	129	+ 1,300,000(1)	9,103,000	129
Transfers From Other Accounts	--	--	--	--	- 4,005,000	- 4,005,000	--
Total, Allotment from CCC	7,415,000	--	7,803,000	--	- 2,705,000	5,098,000	--

EXPLANATION OF PROGRAM

The General Sales Manager was established pursuant to Section 5(f) of the Charter of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

(1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Market Promotion Program, (5) Public Law 480, (6) Section 416 Overseas Donations, (7) Food for Progress, and (8) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS COMMENCED DURING FY 1990GAO Reviews

Code 483495	Export Enhancement Program Bonus Overpayments	Review of program administration
Code 483541	Wood Exports Under GSM 102/103 and PL 480 Programs	Review of program administration
Code 483552	Review of U.S. Financial Institutions Participating in GSM 102/103	Review of program administration
Code 472215	U.S. Economic Assistance to Eastern Europe	Review of program administration
Code 483539	Recent Changes in Export Enhancement Program	Review of program administration
Code 483570	Iraq's Participation in U.S. Agricultural Export Programs	Review of program administration
Code 483580	Canadian and Australian Wheat Boards Reaction to EEP	Review of international response to EEP.
Code 483759	Effectiveness of TEA Program	Review of program administration

OIG Audits

At-720-3	Violation of GSM 102/103 Program Regulations	Program investigation
At-720-4	Violation of GSM 102/103 Program Regulations	Program investigation
At-720-5	Violation of GSM 102/103 Program Regulations	Program investigation
At-720-6	Violation of GSM 102/103 Program Regulations	Program investigation
At-720-7	Violation of GSM 102/103 Program Regulations	Program investigation
Hy-752-5	Violation of PL 480 Program Regulations	Program investigation

07-000-Hq	Foreign Bank Approval Process	Audit of program administration
50568-387-SF	Alaska Seafood Marketing Institute-TEA Program	Audit of program participant
07-070-1-Hy	Reconciliation of Receivables Arising From Foreign Debt	Audit of program administration
At-720-9	Violation of GSM 102/103 Program Regulations	Program investigation
SF-754-4	Violation of Program Regulations	Program investigation
At-720-8	Violation of GSM 102/103 Program Regulations	Program investigation

REVIEWS COMPLETED DURING FY 1990

GAO Reviews

Code 483495	Export Enhancement Program Bonus Overpayments	Review of program administration
Code 483495	Review of Export Enhancement Program	Review of program administration
Code 483514	Assessment of the Interrelation- ship of U.S. Commercial Agricul- tural Export and Food Aid Programs	Review of program relationships
Code 483535	Cargo Preference Requirements	Review of program administration
Code 483541	Review of Wood Exports Under GSM 102/103 and PL 480 Programs	Review of program administration
Code 473196	Non-Emergency Food Aid Provided Through PVOs	Review of the use of PVOs.
Code 483539	Recent Changes in the Export Enhancement Program	Review of program administration

OIG Audits

50010-2-Hy	Title I, PL 480 Fiscal Accountability	Audit of program administration
Wa-752-1	Violation of PL 480 Program Regulations	Program investigation
07099-18-Hy	Export Enhancement Program	Audit of program administration
07-000-Hq	Foreign Bank Approval Process	Audit of program administration
SF-754-1	EEP Program Violations	Program investigation

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$1,300,000 for the General Sales Manager (\$7,803,000 available in FY 1991) consisting of:

- (a) An increase of \$855,000 to fund the Office of the General Sales Manager's (OGSM) share of "Augmentation 2000." Augmentation 2000 is a joint hardware acquisition program with FAS designed to meet the administrative ADP requirements of the OGSM and FAS to the year 2000.

Need for Change: Both the OGSM and FAS rely on the CCC Computer Facility (CCCCF) for ADP support. The CCCCCF, as originally established, relies almost entirely upon processing by centralized Central Processing Units (CPUs). The total reliance on centralized processing through the use of non-intelligent terminals has caused, to a large extent, the overloading of the central facility. As the number of users has grown to 1,200 and large database applications have been implemented, the original systems configuration which assumed that three CPUs would meet CCCCCF user requirements, has now grown to eight, and current capacity is exhausted. Additionally, most equipment has reached the end of its systems life and must be replaced. As both the OGSM and FAS are heavily dependent on automated support for administration of USDA export programs, systems reliability is essential.

Nature of Change: Augmentation 2000 proposes to replace all existing non-intelligent terminals with intelligent workstations and PCs over a five-year period. This will allow the migration of word processing, and other administrative processing functions to the desktop and out of the CPU. This will not only provide additional computing power and massive increases in storage capability, but will also permit and encourage the distribution of applications to either intelligent workstations or microcomputers, thus freeing up a larger share of the augmented mainframe cluster for heavy-duty data processing applications.

- (b) An increase of \$445,000 to cover absorption of the FY 1991 pay raise (\$100,000) and 100 percent of the FY 1992 pay raise (\$345,000).

General Sales Manager
Allotment from Commodity Credit Corporation
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia.....	\$7,415,000	121	\$7,803,000	129	\$9,103,000	129
Total Available or Estimate....	\$7,415,000	121	\$7,803,000	129	\$9,103,000	129

HUMAN NUTRITION INFORMATION SERVICE

Purpose Statement

The Human Nutrition Information Service (HNIS) was established by the Secretary on October 1, 1981. The functions of this agency were formerly carried out within the Agricultural Research Service.

HNIS is responsible for conducting applied research in food and nutrition-- what foods Americans buy and eat, what nutrients are in the foods we eat, and how we can make informed food choices. HNIS research is used by policymakers to formulate research-based policies for nutrition and food intervention programs, consumer education including the Dietary Guidelines for Americans which are the basis of Federal dietary guidelines policy for the public, food fortification, food safety, and regulatory activities. HNIS reports the results of its work in both technical and popular publications and in forms that can be used by computers.

HNIS has primary responsibility for USDA's role in the National Nutrition Monitoring System and is the lead Agency for providing the Federal policy basis for issuing dietary guidance to the general public. HNIS' National Nutrient Data Bank is the primary resource for data on the nutrient content of foods throughout the Government as well as in the private sector.

The Agency is located at Hyattsville, Maryland. As of September 30, 1990, there were 78 full-time permanent and 21 part-time employees. A portion of the Agency's work is done via competitive contracts. These contracts are used for work that requires extensive human resources located throughout the country such as providing interviewers for nationwide surveys, or that requires specific technical expertise and equipment such as laboratory analyses of the nutrient composition of specific foods. Much of this work requires specialized technical skills that would be impractical for the agency to retain among its employees on a year-round basis.

	:	:	:	:								
	:	1990	:	1991	:	1992						
	:	Actual	:	Estimated	:	Estimated						
Item	:	:	:	:	:	:						
	:	Amount	:	Staff-	:	Staff-						
	:		:	Years	:	Years						
	:		:		:							
Salaries and Expenses	:	\$9,031,000:	:	89	:	\$9,923,000:	:	106	:	\$12,654,000:	:	110
	:	:	:	:	:	:	:	:	:	:	:	:
Total, Human Nutrition	:	:	:	:	:	:	:	:	:	:	:	:
Information Service	:	9,031,000:	:	89	:	9,923,000:	:	106	:	12,654,000:	:	110
=====												
Full-Time Equivalent		1990		1991		1992						
Staff-Years:		Actual		Estimated		Estimated						
		-----		-----		-----						
Ceiling.....		89		106		110						
Non-ceiling.....		--		---		---						
Total.....		89		106		110						
=====												

HUMAN NUTRITION INFORMATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

Grade	1990 Headquarters	1991 Headquarters	1992 Headquarters
GS/GM-15	3	4	4
GS/GM-14	7	6	7
GS/GM-13	14	13	15
GS-12	13	14	17
GS-11	14	18	26
GS-9	9	15	10
GS-8	1	1	1
GS-7	4	7	5
GS-6	5	6	5
GS-5	5	7	6
GS-4	4	2	1
GS-3	1	1	1
GS-2	0	0	0
Total Permanent Positions.....	80	94	98
Unfilled Positions end-of-year.....	2	0	0
Total, Permanent Employment, end-of year.....	78	94	98
Staff-Years:			
Ceiling.....	89	106	110
Non-Ceiling.....	--	--	---
TOTAL.....	89	106	110

HUMAN NUTRITION INFORMATION SERVICE

CLASSIFICATION BY OBJECTS

1990 and Estimated 1991 and 1992

	1990 ----	1991 ----	1992 ----
Personnel Compensation:			
Headquarters:			
11 Total personnel compensation.....	\$ 3,414,313	\$ 4,098,000	\$ 4,538,000
12 Personnel Benefits.....	562,402	642,000	723,000
13 Benefits for former personnel.....	0	0	0
Total Pers. Comp. & Benefits	----- 3,976,715	----- 4,740,000	----- 5,261,000
Other Objects:			
21 Travel.....	61,665	80,000	80,000
22 Transportation of things.....	7,948	10,000	13,000
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	115,575	135,000	137,000
24 Printing and reproduction.....	249,560	460,000	460,000
25 Other services.....	4,258,107	4,238,000	6,443,000
26 Supplies and materials..	60,227	110,000	110,000
31 Equipment.....	130,379	150,000	150,000
Total other objects.....	----- 4,883,461	----- 5,183,000	----- 7,393,000
Total direct obligations.....	----- 8,860,176	----- 9,923,000	----- 12,654,000
Position Data:			

Average Salary, GM/GS positions..	\$34,383	\$31,818	\$40,332
Average Grade, GM/GS positions...	10.4	10.1	10.6

HUMAN NUTRITION INFORMATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Human Nutrition Information Service to perform applied research and demonstrations relating to human nutrition and
1 consumer use and economics of food utilization, and nutrition monitoring
[\$9,923,000] \$12,654,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

The first change in language is for the purpose of including this activity which will begin in 1992 as required by Public Law 101-445, the National Nutrition Monitoring and Related Research Act of 1990.

SALARIES AND EXPENSES

Appropriations Act, 1991.....	\$ 9,923,000
Budget Estimate, 1992.....	12,654,000
Increase in Appropriation.....	+2,731,000
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1991 Estimated	Pay Cost	Program Changes	1992 Estimated
Human Nutrition Information Service	\$9,923,000	+\$365,000	+\$2,366,000	\$12,654,000
	=====	=====	=====	=====

PROJECT STATEMENT

(On basis of appropriation)

Project	1990 Actual	1991 Estimated	1992 Estimated
	Staff- Amount	Staff- Amount	Staff- Amount
Research, Analysis & Technical Assistance	\$8,860,176: 89	\$9,923,000: 106	\$12,654,000: 110
Unobligated Balance	170,824: ---	---	---
Total, Appropriation	9,031,000: 89	9,923,000: 106	+ 2,731,000: 12,654,000: 110

EXPLANATION OF PROGRAM

Overview of Program Development. General authority for nutrition research and education comes from the mission mandated by Congress when the Department was established in 1862. The Organic Act of 1862 called for an institution, the "general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected to agriculture and rural development." Nutrition was subsequently specified as one such subject.

Early studies on food and nutrition were begun at the end of the last century by Dr. W.O. Atwater, the first director of USDA's Office of Experiment Stations. These small scale studies were aimed at helping the working class achieve good diets at low cost. The first food consumption survey of national scope was the "Consumer Purchase Study of 1936-37" conducted jointly by USDA and the U.S. Department of Labor. This study indicated that one-third of the nation's families had diets rated poor by nutrition standards. These findings added impetus to efforts to enrich flour and bread with iron and three B vitamins and to initiate school lunch programs and more vigorous nutrition education efforts.

The types of food eaten and the dietary status of the population have been measured subsequently through the decennial Nationwide Food Consumption Surveys (NFCs). The last NFCs was conducted in 1987-88. The results of these studies reflect changes over the years in the distribution and storage (refrigeration) of products, in the availability of convenience foods (mixes and ready-made products), in technology (more commercially frozen foods and new packaging), and

in incomes and lifestyles (more working women). Having available up-to-date food consumption data is essential to understanding both the dietary status of the population and the safety of the food supply. In addition to the NFCS, the annual Continuing Survey of Food Intakes by Individuals (CSFII) updates NFCS findings and focuses on population groups at nutritional risk.

The Research and Marketing Act of 1946 explicitly authorized research into problems of human nutrition and of the nutritive value of agriculture commodities. The role of USDA in conducting research in the fields of human nutrition, food consumption patterns, nutritive value of foods, and nutrition education activities was affirmed in the Food and Agriculture Act of 1977. Title XIV of this Act, "The National Agriculture Research Extension, and Teaching Policy Act of 1977," firmly established USDA as the lead agency in the Federal Government for research, extension, and teaching in the food and agriculture sciences. Further, it directed that research into food and human nutrition be established as a separate and distinct mission of the Department. With this legislation, Congress supported USDA's traditional emphasis on the nutritional needs of normal, healthy individuals rather than the needs of individuals requiring clinical or therapeutic dietary support. This mission was reaffirmed in the Agriculture and Food Act of 1981 and the Food Security Act of 1985.

The National Nutrition Monitoring and Related Research Act of 1990 directed an expansion of activities in food consumption assessment, food composition research, and dietary guidance in order to strengthen national nutrition monitoring and foster nutrition education.

HNIS has been specified for leadership in providing the policy basis for Federal dietary guidance to the public for several years in Conference Reports accompanying the Rural Development, Agriculture, and Related Agencies Appropriations Bills.

HNIS was established on October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. Currently the agency conducts the activities authorized under "Research Analysis and Technical Assistance" in sections 1451-1453 and 1589 of Public Law 99-198 (7 U.S.C. 3173 note and 3178a).

Agency Objectives. It is USDA policy to "promote optimal human health and well-being through improved nutrition" (Departmental Regulation 1020-4). HNIS implements this policy through five major objectives, including:

- o Monitor the nutrient content of the U.S. food supply, the eating patterns of Americans, and the nutritional adequacy of their diets;
- o Determine the nutrient content of foods available to Americans;
- o Provide research-based information on food intake and dietary status of the U.S. population and population subgroups for decisions made by Government policymakers, educators, and health professionals aimed at assessing the safety and improving the nutritional quality of the American diet;
- o Develop research-based information needed by the American public to make informed food choices;
- o Provide USDA's policy coordination for the National Nutrition Monitoring System and for the development of the Dietary Guidelines for Americans. Both of these activities are coordinated with the U.S. Department of Health and Human Services (DHHS).

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$2,731,000 and four (4) Staff-Years, consisting of:

- (a) An increase of \$365,000 to annualize fiscal year 1991 pay costs and to fund the fiscal year 1992 pay raise.
- (b) An increase of \$1,600,000 for activities authorized by P.L. 101-445, the National Nutrition Monitoring and Related Research Act of 1990.

Need for Change. This increase is needed to initiate the new responsibilities required in the National Nutrition Monitoring and Related Research Act of 1990.

Nature of Change. The most significant new responsibilities, in terms of resources needed, are for new surveys of groups identified in the law, including "preschool and school-age children, pregnant and lactating women, elderly individuals, low-income populations, blacks, Hispanics, Native Americans, the homeless, and military and institutionalized populations." The increase will provide for four (4) additional staff-years and survey design and methodology research in order to best determine how to survey these high-risk groups. Funds will also be used to enhance food composition research for survey nutrient data bases and to initiate a grants program for survey research.

- (c) An increase of \$500,000 for the USDA Pesticide Data Program (\$500,000 available in 1991).

Need for Change. This increase is part of the Department-wide Pesticide Data Program (formerly the Food Safety Data Initiative) designed to respond to increased concerns over pesticide residue in food.

Nature of Change. The increase will allow the agency to continue its role in the Department's Pesticide Data Program. HNIS will establish and implement a Residue Exposure Assessment System which will use information on residues in food in association with HNIS's unique comprehensive data base on food consumption in the United States to provide data on the potential exposure of individuals to pesticide residues in selected agricultural products.

- (d) An increase of \$266,000 for ongoing research (\$2.97 million available in 1991).

Need for Change. The increase is needed to support the agency's ongoing research programs in food consumption, food composition, and nutrition education research.

Nature of Change. The increase will allow for increased support for expanding and improving use of USDA food consumption survey data by major users and conducting nutrition education research and implementing the 1990 edition of the Dietary Guidelines for Americans with emphasis on high-risk groups. Research programs will place major emphasis on data analysis for the 1989, 1990 and 1991 CSFII and its supplement--the Diet/Health Knowledge Survey; research to fill gaps in nutrient data needed for dietary assessments by USDA, Department of Health and Human Services, and the nutrition community; and research to provide the basis for an effective nutrition education/information program.

Human Nutrition Information Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1990 and Estimated 1991 and 1992

	1990		1991		1992	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Maryland.....	\$ 8,860,176	89	\$ 9,923,000	106	\$12,654,000	110
Unobligated balance.....	170,824	--	--	--	--	--
Total, Available or Estimate	9,031,000	89	9,923,000	106	12,654,000	110

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FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the nation's children. The programs are:

Child Nutrition Programs. The purpose of the Child Nutrition Programs -- the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs -- is to assist State and local governments in providing food services for children in public and nonprofit private schools, child care institutions and summer recreation programs. FNS provides the States with cash and commodities on a per meal basis to offset the cost of food service and cash to offset a portion of State administrative expenses, sponsor administrative expenses and technical assistance. FNS also administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. In addition to the cash and commodity assistance provided for all meals, substantially higher cash rates are paid as special assistance for meals served free or at a reduced price to children from low income families. Funds for these programs are provided by direct appropriation and by transfer from Section 32.

Special Milk Program. The Special Milk Program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers and camps which have no other federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. The Food and Nutrition Service provides cash subsidies to State administered programs and directly administers the program in the States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special Supplemental Food Program for Women, Infants and Children (WIC). The purpose of the WIC Program is to improve the health of low income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. This is achieved by providing food packages designed to supplement each participant's diet with foods that nutritional research indicates are typically lacking in the WIC target population and by providing eligible recipients with nutrition education and access to health services. In addition to paying the full cost of the food packages, appropriated funds are provided to States for administrative and nutrition education costs for the program. Funds for this program are provided by direct appropriation.

Commodity Supplemental Food Program (CSFP). The first priority of the CSFP is to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their sixth birthday, a target population similar to that of the WIC Program. The next priority of CSFP is to provide supplemental food packages to improve the health of the low income elderly -- 60 years of age or older. The foods are purchased directly by the Department of Agriculture and distributed through State and local agencies to eligible women, infants, children and the elderly. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 20 percent of appropriated funding. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Food Stamp Program. Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The program is a Federal-State partnership with the Federal Government paying the full cost of food stamps. The Federal Government also funds over half of the expenses incurred by the States to administer the program, including recipient household certification, food coupon issuance and employment and training activities for recipients. Funds for this program are provided by direct appropriation.

Nutrition Assistance for Puerto Rico. This program provides grant funds to the Commonwealth of Puerto Rico to operate a food assistance program specifically tailored to the needs of its low-income citizens provided that the program assures assistance for the most needy persons in the jurisdiction. Puerto Rico has established eligibility standards and administrative mechanisms approved by FNS to assist low-income households with cash grants, rather than food stamps or coupons. This assistance is intended to supplement recipients' income to help them purchase food for an adequate diet. A small portion of the grant may also be used to stimulate local food production and distribution activities. Funds for this program are provided by direct appropriation.

Food Donations Programs for Selected Groups

Food Distribution Program on Indian Reservations (FDPIR). This program provides nutrition assistance to low income American Indians living on or near reservations. Through monthly distribution from local warehouses, participating Indians receive a variety of commodities to help maintain a healthy diet. Participating agencies can order food items according to households' preferences. They also receive information on proper nutrition, food storage, sanitary food preparation methods and suggestions for use of the commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Nutrition Program for the Elderly. This program provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and through reducing the isolation of old age. USDA participates in this program by supplementing the Department of Health and Human Services' funding for programs for the elderly with cash and commodities on a per meal basis for each meal served to an elderly person. Funds for this program are provided by direct appropriation.

Commodities for Soup Kitchens. This program provides for the purchase and distribution of commodities to soup kitchens and food banks. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities. In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks that maintain an established operation involving the provision of food or edible commodities to food pantries, soup kitchens, hunger relief centers or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities.

The Emergency Food Assistance Program (EFAP). The Emergency Food Assistance Program helps States to relieve situations of hunger and distress by making available surplus foods from USDA farm support program inventories. The program also provides funds to States to aid in the intrastate storage and distribution of these foods. In addition to surplus commodities, USDA also purchases and distributes to States foods that are high in nutrient density, easily and safely stored and are convenient to use and consume. The allocation of both commodities and administrative expense grants to the States is based on a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level. Funds for this program are provided by direct appropriation.

Food Program Administration. This account funds Federal personnel compensation, benefits and other operating expenses of the Food and Nutrition Service. FNS administers the Food Stamp, Child Nutrition, Special Supplemental Food and other programs described above in a Federal-State partnership in which State agencies and local entities directly operate most programs. FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Agency headquarters are in Alexandria, Virginia. Regional offices are at seven locations: Boston, Massachusetts; Robbinsville, New Jersey; Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; and San Francisco, California. On September 30, 1990, FNS employed 1,879 full time permanent and 45 part time and temporary employees, of which 612 were in the headquarters office and 1,312 in the field. Of the field total, 925 employees were stationed in seven regional offices and the balance in six Food Stamp Compliance offices; one computer support center in Minneapolis, Minnesota; five Administrative Review offices; and 64 field offices. Funds for these activities are provided by direct appropriation.

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1990 Actual and Estimated, 1991 and 1992

Page 1 of 2

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Child Nutrition Programs:						
Appropriation.....	\$730,882,000		\$880,698,000		\$1,389,711,000	
Transfer from						
Section 32.....	4,156,554,000		4,696,501,000		4,675,092,000	
Total - Child	[a]		[b]		[c]	
Nutrition Programs.....	4,887,436,000	123	5,577,199,000	135	6,064,803,000	165
Special Milk Program.....	20,309,000		19,268,000		23,011,000	
Special Supplemental	[f]		[g]			
Food Program.....	2,125,958,000		2,350,000,000		2,573,400,000	
Commodity Supplemental	[h]		[i]			
Food Program.....	68,128,000		81,928,000		85,369,000	
Food Stamp Program.....	15,969,589,000		18,076,681,000		19,649,975,000	
Nutrition Assistance			[k]		[l]	
for Puerto Rico.....	936,750,000		963,395,000		1,013,000,000	
Food Donations Programs for						
Selected Groups.....	243,062,000		260,138,000		265,019,000	
The Emergency Food						
Assistance Program.....	169,395,000		170,000,000		147,000,000	
Food Program Administration	91,727,000	1,803	96,778,000	1,816	113,856,000	1,859
Total, Food and Nutrition						
Service Funds.....	24,512,354,000	1,926	27,595,387,000	1,951	29,935,433,000	2,024
Obligations under other						
USDA Appropriations:						
Human Nutrition Information						
Service for Administrative:						
Support.....	210,400	5	210,000	5	210,000	5
Office of Finance and						
Management.....	15,880					
Farmers Home Administration:	42,047					
Soil Conservation Service...	46,560					
Foreign Agriculture Service..	5,543					
Agricultural Stabilization						
and Conservation Service..	7,591					
Rural Electric						
Administration.....	3,000					
Total, Other USDA						
Appropriations.....	331,021	5	210,000	5	210,000	5

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1990 Actual and Estimated, 1991 and 1992

Page 2 of 2

Item	1990		1991		1992	
	Actual		Estimated		Estimated	
	Amount	Staff : Years	Amount	Staff : Years	Amount	Staff : Years
Other Federal Funds:						
Army Audit Agency						
for Health Services.....	8,768					
Total, Other Federal Funds..	8,768					
Total, Food and Nutrition Service.....	24,512,693,789	1,931	27,595,597,000	1,956	29,935,643,000	2,029
=====						
Full-Time Equivalent Staff Years:	1990 Actual		1991 Estimated		1992 Estimated	
Ceiling.....	1,931		1,956		2,029	
Non-Ceiling.....	30		37		37	
Total.....	1,961		1,993		2,066	
=====						

[a] Excludes \$240,601,407 in unobligated balances and \$82,091,672 in recoveries of PY obligations.

[b] Excludes \$112,389,386 in unobligated balances.

[c] Excludes \$49,245,386 in unobligated balances.

[d] Excludes \$3,583,217 in unobligated balances and \$1,450,420 in recoveries of PY obligations.

[e] Excludes \$4,943,758 in unobligated balances.

[f] Excludes \$440,003 in unobligated balances and \$2,670,243 in recoveries of PY obligations.

[g] Excludes \$56,981 in unobligated balances.

[h] Excludes \$3,733,424 in unobligated balances and \$168,598 in recoveries of PY obligations.

[i] Excludes \$507,055 in unobligated balances.

[j] Excludes benefit reserve of \$2,500,000,000.

[k] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.

[l] Includes \$10,825,000 available for Cattle Tick Eradication.

[m] Excludes \$4,495 in unobligated balances.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1990 and Estimated 1991 and 1992

	1990			1991			1992		
	Headquarters:	Field	Total	Headquarters:	Field	Total	Headquarters:	Field	Total
ES-5	0	0	0	0	0	0	0	0	0
ES-4	2	5	7	2	5	7	2	5	7
ES-3	2	0	2	2	0	2	2	0	2
ES-2	4	0	4	4	0	4	4	0	4
ES-1	0	0	0	0	0	0	0	0	0
GS/GM-15	23	6	29	23	6	29	23	6	29
GS/GM-14	66	33	99	66	33	99	66	33	99
GS/GM-13	132	82	214	134	82	216	137	85	222
GS-12	144	215	359	147	219	366	151	229	380
GS-11	136	362	498	139	368	507	142	384	526
GS-10									
GS-9	38	220	258	38	223	261	40	244	284
GS-8	6	7	13	6	7	13	6	7	13
GS-7	45	79	124	47	84	131	48	88	136
GS-6	51	49	100	51	49	100	51	49	100
GS-5	24	131	155	25	133	158	27	138	165
GS-4	23	39	62	23	40	63	23	41	64
GS-3	3	14	17	3	14	17	3	14	17
GS-2	0	3	3	0	3	3	0	3	3
GS-1	0	0	0	0	0	0	0	0	0
Ungraded Positions	5	0	5	5	0	5	5	0	5
Total Permanent Positions.....	704	1,245	1,949	715	1,266	1,981	730	1,326	2,056
Unfilled Positions end-of-year.....	-16	-33	-49	0	0	0	0	0	0
Total, Permanent Employment, end-of-year.....	688	1,212	1,900	715	1,266	1,981	730	1,326	2,056
Staff-Years:									
Ceiling.....	689	1,242	1,931	697	1,259	1,956	711	1,318	2,029
Non-Ceiling.....	2	28	30	7	30	37	7	30	37
TOTAL.....	691	1,270	1,961	704	1,289	1,993	718	1,348	2,066

FOOD AND NUTRITION SERVICE

2/ 4/1991

CLASSIFICATION BY OBJECTS

(dollars in thousands)

	Actual 1990	Estimated 1991	Estimated 1992
Personnel Compensation:			
Headquarters	\$26,945	\$28,306	\$32,194
Field	40,323	42,340	49,315

11 Total personnel compensation	67,268	70,646	81,509
11.1 Full-time permanent	65,080	68,875	79,256
11.3 Other than full-time permanent	1,496	1,390	1,532
11.9 Special personal services	692	381	721
12 Personnel benefits	11,676	11,839	13,679
13 Benefits for former personnel	78	46	70

Total pers. compensation and benefits	79,022	82,531	95,258

Other objects:			
21 Travel	3,397	3,927	5,131
22 Transportation of things	2,933	4,556	4,906
23.1 Rental payments to GSA			
23.2 Rental payments to others	397	522	532
23.3 Communications, utilities and misc. charges	4,406	4,956	5,349
24 Printing and reproduction	28,916	36,409	35,203
25 Other services	43,670	52,485	59,584
26 Supplies and materials (incl. commodities)	486,730	545,956	520,189
31 Equipment	4,617	1,837	1,782
32 Land and structures			
41 Grants, subsidies and contributions	23,627,726	26,930,060	29,256,744
42 Insurance claims and indemnities	3		
43 Interest and dividends	1		

Total other objects	24,202,796	27,580,708	29,889,420

Total direct obligations	24,281,818	27,663,239	29,984,678
=====			
Position Data:			
Average Salary, ES positions	\$77,493	\$101,110	\$101,110
Average Salary, GM/GS positions	\$34,561	\$36,198	\$36,177
Average Grade, GM/GS positions	10.03	10.03	10.02

FOOD AND NUTRITION SERVICE

Reports of Audits and Investigations of National Significance
Received during Fiscal 1990

<u>Program/Activity Reviews</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Subject</u>
<u>Reports From the Office of the Inspector General</u>			
Food Stamp	27013-45-Te	03-30-90	Implementation of the Income and Eligibility Verification System in the FSP
Food Distribution	27099-77-Ch	03-30-90	Processing of Donated Foods by Preferred Meal Systems, Inc.
Food Stamp, Financial Mgt.	27600-2-SF	03-30-90	FSP Administrative Costs
Financial Mgmt.	27070-1-Hy	03-01-90	Financial Management Operations
<u>Reports From the General Accounting Office</u>			
Financial Mgmt.	RCED-90-19	10-26-89	Interim Report on Ways to Enhance Management
Food Distribution	RCED-90-12	12-05-89	USDA's Implementa- tion of Legislated Commodity Distribution Reforms
Food Stamp	PEMD-90-8	01-19-90	A Demographic Analysis of Participation and Nonparticipation
Food Stamp	RCED-90-9	01-24-90	Food Stamp Automation: Some Benefits Achieved; Federal Incentive Funding No Longer Needed
Food Stamp, Food Distribution	RCED-90-152	06-18-90	Recipient and Expert Views on Food Assistance at Four Indian Reservations
Food Stamp	RCED-90-84	06-28-90	Achieving Cost Neutrality in Washington's Family Indepen- dence Program

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,114,624	3,380,676	3,622,973	242,297
b. School Breakfast Program.....	563,926	638,996	721,924	82,928
c. Child Care and Adult Care Food Program.....	757,288	1,045,346	1,211,589	166,243
d. Summer Food Service Program.....	170,872	179,957	196,164	16,207
e. State administrative expenses.....	60,647	63,746	69,852	6,106
TOTAL, Cash payments to States.....	4,667,357	5,308,721	5,822,502	513,781
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	207,837	253,097	226,573	-26,524
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	558,278	603,997	626,573	22,576
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	3,600	3,653	6,500	2,847
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,242	15,381	15,728	347
TOTAL, Child Nutrition Programs.....	5,237,877	5,928,099	6,464,803	536,704
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	4,887,436	5,577,199	6,064,803	487,604
B. Special Milk Program: Cash Payments.....	20,309	19,268	23,011	3,743
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,121,000	2,345,000	2,568,400	223,400
2. Studies and evaluations.....	4,958	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,125,958	2,350,000	2,573,400	223,400
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	55,170	65,542	68,295	2,753
2. Payments to distributing agencies for administration.....	10,219	16,386	17,074	688
3. Special administrative funds.....	2,739	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	68,128	81,928	85,369	3,441
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	68,128	81,928	85,369	3,441

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992

E. Food Stamp Program:				
1. Benefit costs.....	14,596,476	16,540,171	18,036,570	1,496,399
2. State administrative costs.....	1,165,603	1,311,459	1,380,489	69,030
3. Other program costs.....	207,510	225,051	232,916	7,865
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	15,969,589	18,076,681	19,649,975	1,573,294

F. Nutrition Assistance for Puerto Rico.....	936,750	963,395	1,013,000	49,605

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	43,530	61,505	63,871	2,366
b. Distributing agency administrative costs.....	16,610	16,736	17,656	920
c. Section 32 bonus commodities.....	0	0	0	
d. Section 416 bonus commodities.....	0	0	0	
TOTAL, Food Distribution Program on Reservations.....	60,140	78,241	81,527	3,286
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	60,140	78,241	81,527	3,286

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,327	9,812	9,918	106
b. Cash in lieu of commodities.....	134,155	140,085	141,574	1,489
c. Section 32 Bonus Commodities.....	0	0	0	
d. Section 416 Bonus Commodities.....	0	0	0	
TOTAL, Nutrition Program for the Elderly.....	143,482	149,897	151,492	1,595
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,482	149,897	151,492	1,595

3. Commodities for Soup Kitchens.....	39,440	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	243,062	260,138	265,019	4,881

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	49,822	50,000	27,000	-23,000
TOTAL, The Emergency Food Assistance Program.....	169,395	170,000	147,000	-23,000
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	169,395	170,000	147,000	-23,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition.....	29,665	31,297	35,527	4,230
2. Special milk.....	165	175	198	23
3. Supplemental feeding.....	7,503	7,917	8,986	1,069
4. Food stamp.....	52,468	55,357	66,838	11,481
5. Cash and commodity subsidies.....	1,926	2,032	2,307	275
TOTAL, Food Program Administration.....	91,727	96,778	113,856	17,078
GRAND TOTAL, Food Assistance.....	24,862,795	27,946,287	30,335,433	2,389,146
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	24,512,354	27,595,387	29,935,433	2,340,046

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,229,951	3,442,534	3,672,218	229,684
b. School Breakfast Program.....	591,536	656,263	721,924	65,661
c. Child Care and Adult Care Food Program.....	814,440	1,024,046	1,211,589	187,543
d. Summer Food Service Program.....	163,450	179,008	196,164	17,156
e. State administrative expenses.....	60,969	63,746	69,852	6,106
TOTAL, Cash payments to States.....	4,860,346	5,365,597	5,871,747	506,150
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	217,729	258,661	226,573	-32,088
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	95,977	95,977	95,977	0
d. AMS bonus commodities.....	14,623	14,623	14,623	0
TOTAL, Commodities to States.....	678,770	720,161	737,173	17,012
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	4,330	4,357	6,500	2,143
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,972	16,085	15,728	-357
TOTAL, Child Nutrition Programs.....	5,552,088	6,101,843	6,624,648	522,805
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	95,977	95,977	95,977	0
AMS bonus commodities.....	14,623	14,623	14,623	0
TOTAL, FNS Child Nutrition Account.....	5,091,047	5,640,343	6,114,048	473,705
B. Special Milk Program: Cash Payments.....	22,043	23,408	23,011	-397
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,124,077	2,345,057	2,568,400	223,343
2. Studies and evaluations.....	4,903	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,128,980	2,350,057	2,573,400	223,343
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	58,688	66,049	68,295	2,246
2. Payments to distributing agencies for administration.....	10,218	16,386	17,074	688
3. Special administrative funds.....	2,609	0	0	0
4. CCC donations.....	15,457	21,444	14,163	-7,281
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	86,972	103,879	99,532	-4,347
LESS: CCC Donations.....	15,457	21,444	14,163	-7,281
TOTAL, FNS CSFP Account.....	71,515	82,435	85,369	2,934

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
E. Food Stamp Program:				
1. Benefit costs.....	14,184,028	16,540,171	18,036,570	1,496,399
2. State administrative costs.....	1,139,227	1,311,459	1,380,489	69,030
3. Other program costs.....	204,431	225,051	232,916	7,865
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	15,527,686	18,076,681	19,649,975	1,573,294
F. Nutrition Assistance for Puerto Rico.....	936,750	963,395	1,013,000	49,605
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	44,442	61,505	63,871	2,366
b. Distributing agency administrative costs.....	15,619	16,736	17,656	920
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	6,730	6,730	6,730	0
TOTAL, Food Distribution Program on Reservations.....	66,791	84,971	88,257	3,286
LESS: Bonus commodities.....	6,730	6,730	6,730	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	60,061	78,241	81,527	3,287
2. Nutrition Program for the Elderly:				
a. Commodities.....	9,327	9,812	9,918	106
b. Cash in lieu of commodities.....	134,052	140,085	141,574	1,489
c. Section 32 Bonus Commodities.....	326	326	326	0
d. Section 416 Bonus Commodities.....	903	903	903	0
TOTAL, Nutrition Program for the Elderly.....	144,608	151,126	152,721	1,595
LESS: Bonus Commodities.....	1,229	1,229	1,229	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,379	149,897	151,492	1,595
3. Commodities for Soup Kitchens.....	39,440	32,000	32,000	0
TOTAL, FNS Food Donations Programs Account.....	242,880	260,138	265,019	4,882
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	118,921	111,310	111,310	0
3. TEFAP Administrative Expense.....	49,822	50,000	27,000	-23,000
TOTAL, The Emergency Food Assistance Program.....	288,316	281,310	258,310	-23,000
LESS: Bonus Commodities.....	118,921	111,310	111,310	0
TOTAL, FNS TEFAP Account.....	169,395	170,000	147,000	-23,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	4,933	4,933	4,933	0
b. Section 416 commodities.....	59,961	59,961	59,961	0
2. Summer Camps				
a. Section 32 commodities.....	150	150	150	0
b. Section 416 commodities.....	1,276	1,276	1,276	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	66,320	66,320	66,320	0
J. Food Program Administration:				
1. Child nutrition.....	29,709	31,367	35,595	4,228
2. Special milk.....	165	175	198	23
3. Supplemental feeding.....	7,514	7,934	9,003	1,069
4. Food stamp.....	52,545	55,479	66,958	11,479
5. Cash and commodity subsidies.....	1,929	2,037	2,312	275
TOTAL, Food Program Administration.....	91,862	96,992	114,066	17,074
GRAND TOTAL, Food Assistance.....	24,951,856	28,331,982	30,695,240	2,363,258
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	20,032	20,032	20,032	0
CCC bonus commodities.....	299,225	297,601	290,320	-7,281
TOTAL, FNS Accounts.....	24,282,158	27,663,449	29,984,888	2,321,439

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,097,058	3,461,232	3,642,130	180,898
b. School Breakfast Program.....	597,039	653,175	713,323	60,148
c. Child Care and Adult Care Food Program.....	825,324	1,007,313	1,187,022	179,709
d. Summer Food Service Program.....	162,786	176,279	193,917	17,638
e. State administrative expenses.....	64,167	62,423	66,958	4,535
TOTAL, Cash payments to States.....	4,746,374	5,360,422	5,803,350	442,928
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	217,729	258,661	226,573	-32,088
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	568,170	609,561	626,573	17,012
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	4,330	4,357	6,500	2,143
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,972	16,085	15,728	-357
TOTAL, Child Nutrition Programs.....	5,327,516	5,986,068	6,445,651	459,583
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	4,977,075	5,635,168	6,045,651	410,483
B. Special Milk Program: Cash Payments.....				
	18,707	22,899	23,089	190
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,118,676	2,330,185	2,555,669	225,484
2. Studies and evaluations.....	2,679	9,359	5,000	-4,359
TOTAL, FNS Special Supplemental Food Program Account.....	2,121,355	2,339,544	2,560,669	221,125
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	62,781	60,325	68,099	7,774
2. Payments to distributing agencies for administration.....	9,701	16,238	17,015	777
3. Special administrative funds.....	2,455	525	0	-525
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	74,937	77,088	85,114	8,026
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	74,937	77,088	85,114	8,026

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Outlays under Current Law
 (Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992

E. Food Stamp Program:				
1. Benefit costs.....	14,289,652	16,541,058	18,034,774	1,493,716
2. State administrative costs.....	1,074,346	1,325,630	1,373,110	47,480
3. Other program costs.....	165,492	244,939	229,975	-14,964
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	-537,469	0	0	0
TOTAL, FNS Food Stamp Program Account.....	14,992,021	18,111,627	19,637,859	1,526,232

F. Nutrition Assistance for Puerto Rico.....	931,329	963,227	1,012,713	49,486

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	53,401	50,683	63,374	12,691
b. Distributing agency administrative costs.....	16,171	15,211	17,463	2,252
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	69,572	65,894	80,837	14,943
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	69,572	65,894	80,837	14,943

2. Nutrition Program for the Elderly:				
a. Commodities.....	10,533	7,751	9,896	2,145
b. Cash in lieu of commodities.....	125,897	144,446	141,261	-3,185
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	136,430	152,197	151,157	-1,040
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	136,430	152,197	151,157	-1,040

3. Commodities for Soup Kitchens.....	39,386	32,072	32,000	-72

TOTAL, FNS Food Donations Programs Account.....	245,388	250,163	263,994	13,831

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	47,620	49,608	35,050	-14,558
TOTAL, The Emergency Food Assistance Program.....	167,193	169,608	155,050	-14,558
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	167,193	169,608	155,050	-14,558

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Outlays under Current Law
 (Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition.....	29,706	31,118	33,988	2,870
2. Special milk.....	165	173	189	16
3. Supplemental feeding.....	7,514	7,871	8,597	726
4. Food stamp.....	52,541	55,039	64,041	9,002
5. Cash and commodity subsidies.....	1,929	2,021	2,207	186
TOTAL, Food Program Administration.....	91,855	96,222	109,022	12,800
GRAND TOTAL, Food Assistance.....	23,970,301	28,016,446	30,293,161	2,276,715
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	23,619,860	27,665,546	29,893,161	2,227,615

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,114,624	3,380,996	3,631,168	250,172
b. School Breakfast Program.....	563,926	639,504	726,078	86,574
c. Child Care and Adult Care Food Program.....	757,288	1,045,346	1,211,589	166,243
d. Summer Food Service Program.....	170,872	179,957	196,164	16,207
e. State administrative expenses.....	60,647	63,746	69,852	6,106
TOTAL, Cash payments to States.....	4,667,357	5,309,549	5,834,851	525,302

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	207,837	251,747	215,660	-36,087
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	558,278	602,647	615,660	13,013

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	3,600	3,653	6,500	2,847
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,242	15,381	15,728	347

TOTAL, Child Nutrition Programs.....	5,237,877	5,927,577	6,466,239	538,662
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	4,887,436	5,576,677	6,066,239	489,562

B. Special Milk Program: Cash Payments.....	20,309	19,268	23,011	3,743

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,121,000	2,345,000	2,568,400	223,400
2. Studies and evaluations.....	4,958	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,125,958	2,350,000	2,573,400	223,400

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	55,170	65,542	68,295	2,753
2. Payments to distributing agencies for administration.....	10,219	16,386	17,074	688
3. Special administrative funds.....	2,739	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	68,128	81,928	85,369	3,441
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	68,128	81,928	85,369	3,441

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
E. Food Stamp Program:				
1. Benefit costs.....	14,596,476	16,540,171	18,036,570	1,496,399
2. State administrative costs.....	1,165,603	1,311,459	1,380,489	69,030
3. Other program costs.....	207,510	225,051	232,916	7,865
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	15,969,589	18,076,681	19,649,975	1,573,294
F. Nutrition Assistance for Puerto Rico.....	936,750	963,395	1,013,000	49,605
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	43,530	61,505	63,871	2,367
b. Distributing agency administrative costs.....	16,610	16,736	17,656	920
c. Section 32 bonus commodities.....	0	0	0	
d. Section 416 bonus commodities.....				
TOTAL, Food Distribution Program on Reservations.....	60,140	78,241	81,527	3,286
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	60,140	78,241	81,527	3,286
2. Nutrition Program for the Elderly:				
a. Commodities.....	9,327	9,812	9,918	106
b. Cash in lieu of commodities.....	134,155	140,085	141,574	1,489
c. Section 32 Bonus Commodities.....				
d. Section 416 Bonus Commodities.....				
TOTAL, Nutrition Program for the Elderly.....	143,482	149,897	151,492	1,595
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,482	149,897	151,492	1,595
3. Commodities for Soup Kitchens.....	39,440	32,000	32,000	0
TOTAL, FNS Food Donations Programs Account.....	243,062	260,138	265,019	4,881
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	49,822	50,000	27,000	-23,000
TOTAL, The Emergency Food Assistance Program.....	169,395	170,000	147,000	-23,000
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	169,395	170,000	147,000	-23,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition.....	29,665	31,299	35,527	4,228
2. Special milk.....	165	175	198	23
3. Supplemental feeding.....	7,503	7,917	8,986	1,069
4. Food stamp.....	52,468	55,355	66,838	11,483
5. Cash and commodity subsidies.....	1,926	2,032	2,307	275
TOTAL, Food Program Administration.....	91,727	96,778	113,856	17,078
GRAND TOTAL, Food Assistance.....	24,862,795	27,945,765	30,336,869	2,391,104
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	24,512,354	27,594,865	29,936,869	2,342,004

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,229,951	3,442,854	3,680,413	237,559
b. School Breakfast Program.....	591,536	656,771	726,078	69,307
c. Child Care and Adult Care Food Program.....	814,440	1,024,046	1,211,589	187,543
d. Summer Food Service Program.....	163,450	179,008	196,164	17,156
e. State administrative expenses.....	60,969	63,746	69,852	6,106
TOTAL, Cash payments to States.....	4,860,346	5,366,425	5,884,096	517,671
2. Commodities to States (including cash in lieu of commodities):				
a. FMS commodities.....	217,729	257,311	215,660	-41,651
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	95,977	95,977	95,977	0
d. AMS bonus commodities.....	14,623	14,623	14,623	0
TOTAL, Commodities to States.....	678,770	718,811	726,260	7,449
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	4,330	4,357	6,500	2,143
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,972	16,085	15,728	-357
TOTAL, Child Nutrition Programs.....	5,552,088	6,101,321	6,626,084	524,763
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	95,977	95,977	95,977	0
AMS bonus commodities.....	14,623	14,623	14,623	0
TOTAL, FMS Child Nutrition Account.....	5,091,047	5,639,821	6,115,484	475,663
B. Special Milk Program: Cash Payments.....				
	22,043	23,408	23,011	-397
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,124,077	2,345,057	2,568,400	223,343
2. Studies and evaluations.....	4,903	5,000	5,000	0
TOTAL, FMS Special Supplemental Food Program Account.....	2,128,980	2,350,057	2,573,400	223,343
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	58,688	66,049	68,295	2,246
2. Payments to distributing agencies for administration.....	10,218	16,386	17,074	688
3. Special administrative funds.....	2,609	0	0	0
4. CCC donations.....	15,457	21,444	14,163	-7,281
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..	86,972	103,879	99,532	-4,347
LESS: CCC Donations.....	15,457	21,444	14,163	-7,281
TOTAL, FMS CSFP Account.....	71,515	82,435	85,369	2,934

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992

E. Food Stamp Program:				
1. Benefit costs.....	14,184,028	16,540,171	18,036,570	1,496,399
2. State administrative costs.....	1,139,227	1,311,459	1,380,489	69,030
3. Other program costs.....	204,431	225,051	232,916	7,865
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	15,527,686	18,076,681	19,649,975	1,573,294

F. Nutrition Assistance for Puerto Rico.....	936,750	963,395	1,013,000	49,605

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	44,442	61,505	63,871	2,367
b. Distributing agency administrative costs.....	15,619	16,736	17,656	920
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	6,730	6,730	6,730	0
TOTAL, Food Distribution Program on Reservations.....	66,791	84,971	88,257	3,287
LESS: Bonus commodities.....	6,730	6,730	6,730	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	60,061	78,241	81,527	3,287

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,327	9,812	9,918	106
b. Cash in lieu of commodities.....	134,052	140,085	141,574	1,489
c. Section 32 Bonus Commodities.....	326	326	326	0
d. Section 416 Bonus Commodities.....	903	903	903	0
TOTAL, Nutrition Program for the Elderly.....	144,608	151,126	152,721	1,595
LESS: Bonus Commodities.....	1,229	1,229	1,229	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,379	149,897	151,492	1,595

3. Commodities for Soup Kitchens.....	39,440	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	242,880	260,138	265,019	4,882

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	118,921	111,310	111,310	0
3. TEFAP Administrative Expense.....	49,822	50,000	27,000	-23,000
TOTAL, The Emergency Food Assistance Program.....	288,316	281,310	258,310	-23,000
LESS: Bonus Commodities.....	118,921	111,310	111,310	0
TOTAL, FNS TEFAP Account.....	169,395	170,000	147,000	-23,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Program Level at the Recommended Level
 (Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	4,933	4,933	4,933	0
b. Section 416 commodities.....	59,961	59,961	59,961	0
2. Summer Camps				
a. Section 32 commodities.....	150	150	150	0
b. Section 416 commodities.....	1,276	1,276	1,276	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	66,320	66,320	66,320	0
J. Food Program Administration:				
1. Child nutrition.....	29,709	31,367	35,595	4,228
2. Special milk.....	165	175	198	23
3. Supplemental feeding.....	7,514	7,934	9,003	1,069
4. Food stamp.....	52,545	55,479	66,958	11,479
5. Cash and commodity subsidies.....	1,929	2,037	2,312	275
TOTAL, Food Program Administration.....	91,862	96,992	114,066	17,074
GRAND TOTAL, Food Assistance.....	24,951,856	28,331,460	30,696,676	2,365,217
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	20,032	20,032	20,032	0
CCC bonus commodities.....	299,225	297,601	290,320	-7,281
TOTAL, FNS Accounts.....	24,282,158	27,662,927	29,986,324	2,323,398

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,097,058	3,461,510	3,649,293	187,783
b. School Breakfast Program.....	597,039	653,616	717,000	63,384
c. Child Care and Adult Care Food Program.....	825,324	1,007,313	1,187,022	179,709
d. Summer Food Service Program.....	162,786	176,279	193,917	17,638
e. State administrative expenses.....	64,167	62,423	66,958	4,535
TOTAL, Cash payments to States.....	4,746,374	5,361,141	5,814,190	453,049

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	217,729	257,311	215,660	-41,651
b. AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	568,170	608,211	615,660	7,449

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,142	3,085	3,085	0
b. Nutrition education and training, section 19....	5,000	7,500	5,000	-2,500
c. Child Nutrition Federal Review System.....	4,330	4,357	6,500	2,143
d. Food Service Management Institute.....	500	1,143	1,143	0
TOTAL, Nutrition studies and education.....	12,972	16,085	15,728	-357

TOTAL, Child Nutrition Programs.....	5,327,516	5,985,437	6,445,578	460,141
LESS: AMS Section 32 commodities.....	350,441	350,900	400,000	49,100
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	4,977,075	5,634,537	6,045,578	411,041

B. Special Milk Program: Cash Payments.....	18,707	22,899	23,089	190

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,118,676	2,330,185	2,555,669	225,484
2. Studies and evaluations.....	2,679	9,359	5,000	-4,359
TOTAL, FNS Special Supplemental Food Program Account.....	2,121,355	2,339,544	2,560,669	221,125

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	62,781	60,325	68,099	7,774
2. Payments to distributing agencies for administration.....	9,701	16,238	17,015	777
3. Special administrative funds.....	2,455	525	0	-525
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..	74,937	77,088	85,114	8,026
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	74,937	77,088	85,114	8,026

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
E. Food Stamp Program:				
1. Benefit costs.....	14,289,652	16,541,058	18,034,774	1,493,716
2. State administrative costs.....	1,074,346	1,325,630	1,373,110	47,480
3. Other program costs.....	165,492	244,939	229,975	-14,964
4. Excess state error liabilities.....	0	0	0	0
5. Adjustments in expired accounts.....	-537,469	0	0	0
TOTAL, FNS Food Stamp Program Account.....	14,992,021	18,111,627	19,637,859	1,526,232
F. Nutrition Assistance for Puerto Rico.....	931,329	963,227	1,012,713	49,486
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	53,401	50,683	63,374	12,691
b. Distributing agency administrative costs.....	16,171	15,211	17,463	2,252
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	69,572	65,894	80,837	14,943
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	69,572	65,894	80,837	14,943
2. Nutrition Program for the Elderly:				
a. Commodities.....	10,533	7,751	9,896	2,145
b. Cash in lieu of commodities.....	125,897	144,446	141,261	-3,185
c. Section 32 Bonus Commodities.....				
d. Section 416 Bonus Commodities.....				
TOTAL, Nutrition Program for the Elderly.....	136,430	152,197	151,157	-1,040
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	136,430	152,197	151,157	-1,040
3. Commodities for Soup Kitchens.....	39,386	32,072	32,000	-72
TOTAL, FNS Food Donations Programs Account.....	245,388	250,163	263,994	13,831
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,573	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	47,620	49,608	35,050	-14,558
TOTAL, The Emergency Food Assistance Program.....	167,193	169,608	155,050	-14,558
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	167,193	169,608	155,050	-14,558

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1990 Actual	1991 Estimate	1992 Estimate	Change 1991-1992
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition.....	29,706	31,118	33,988	2,870
2. Special milk.....	165	173	189	16
3. Supplemental feeding.....	7,514	7,871	8,597	726
4. Food stamp.....	52,541	55,039	64,041	9,002
5. Cash and commodity subsidies.....	1,929	2,021	2,207	186
TOTAL, Food Program Administration.....	91,855	96,222	109,022	12,800
GRAND TOTAL, Food Assistance.....	23,970,301	28,015,815	30,293,088	2,277,273
LESS: Section 32 commodities for Child Nutrition.....	350,441	350,900	400,000	49,100
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	23,619,860	27,664,915	29,893,088	2,228,173

Note: The Food Stamp Program for Fiscal Year 1991 excludes the supplemental proposed for indefinite spending authority. Current estimates range from \$200 million to \$1.5 billion. Estimates for Fiscal Year 1992 exclude \$2.5 billion contingency request.

FOOD AND NUTRITION SERVICE

The estimate includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Child Nutrition [Programs] Payments (Including Transfers of Funds):

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1773-1785, and 1788-1789);

- 1 [\$5,577,199,000] \$6,064,803,000, to remain available through September 30, [1992] 1993, of which [\$880,698,000] \$1,389,711,000 is hereby appropriated and [\$4,696,501,000] \$4,675,092,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: Provided further, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: Provided further, That only final reimbursement claims for service of meals, supplements, and milk submitted to State agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the
- 2 Secretary: Provided further, That up to [\$3,653,000] \$6,500,000 shall be available for independent verification of school food service claims and claims made by Child and Adult Care Food Program sponsors: Provided further, That \$1,143,000 shall be available to operate the Food Service Management Institute.

The first change makes the 1992 appropriation available until 1993.

The second change adds a provision to make funds also available for federal reviews of claims made by Child and Adult Care Program operators.

CHILD NUTRITION PROGRAMS - CURRENT LAW

Appropriations Act, 1991	\$5,577,199,000
Budget Estimate, 1992	<u>6,064,803,000</u>
Increase in Appropriation	<u>+487,604,000</u>

CHILD NUTRITION PROGRAMS - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1992	\$6,064,803,000
Change due to proposed legislation	<u>+1,436,000</u>
Net request, President's 1992 Budget Request	<u>6,066,239,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
School lunch program	\$3,380,676,000	—	+\$242,297,000	\$3,622,973,000
School breakfast program	638,996,000	—	+82,928,000	721,924,000
Child and adult care food program	1,045,346,000	—	+166,243,000	1,211,589,000
Summer food service program	179,957,000	+\$125,684	+16,081,316	196,164,000
State administrative expenses	63,746,000	+124,169	+5,981,831	69,852,000
Commodity procurement a/.....	253,097,000	—	-26,524,000	226,573,000
Federal Review System	3,653,000	+429,608	+2,417,392	6,500,000
Nutrition studies and surveys	3,085,000	—	—	3,085,000
Nutrition education and training	7,500,000	—	-2,500,000	5,000,000
Food Service Management Inst.	<u>1,143,000</u>	—	—	<u>1,143,000</u>
Total Appropriation	5,577,199,000	+679,461	+486,924,539	6,064,803,000
Proposed Legislation	<u>-522,000</u>			<u>+1,436,000</u>
Total Available, President's Budget b/.	<u>5,576,677,000</u>			<u>6,066,239,000</u>

a/ In addition, \$350.9 million is available for Fiscal Year 1991, and \$400 million is available for Fiscal Year 1992, for entitlement commodity procurement from Section 32. Overall Fiscal Year 1992 funding for entitlement commodity procurement will increase by \$17 million above the Fiscal Year 1991 level.

b/ The level of available funding in Fiscal Year 1991 assumes the implementation of proposed legislation on July 1, 1991, with resulting reduction of \$522,000.

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

<u>Project</u>	<u>: 1990 Actual</u>	<u>: 1991 Estimated</u>	<u>: Increase or Decrease</u>	<u>: 1992 Estimated</u>
1. Cash payments to States:	:	:	:	:
(a) School lunch program:	:	:	:	:
(1) Above 185% of	:	:	:	:
poverty	\$315,868,000:	\$332,320,000:	+\$23,818,000	\$356,138,000
(2) 130-185% of	:	:	:	:
poverty	295,621,000:	330,969,000:	+23,720,000	354,689,000
(3) Below 130% of	:	:	:	:
poverty	2,503,135,000:	2,717,387,000:	+194,759,000	2,912,146,000
Total, School lunch...	<u>3,114,624,000:</u>	<u>3,380,676,000:</u>	<u>+242,297,000(1):</u>	<u>3,622,973,000</u>
(b) School breakfast	:	:	:	:
program:	:	:	:	:
(1) Above 185% of	:	:	:	:
poverty	15,734,000:	17,828,000:	+2,314,000	20,142,000
(2) 130-185% of	:	:	:	:
poverty	22,726,000:	25,752,000:	+3,342,000	29,094,000
(3) Below 130% of	:	:	:	:
poverty	525,466,000:	595,416,000:	+77,272,000	672,688,000
Total, School	:	:	:	:
breakfast	<u>563,926,000:</u>	<u>638,996,000:</u>	<u>+82,928,000(2):</u>	<u>721,924,000</u>

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
(c) Child and adult care food program:				
(1) Meal Service:				
(a) Above 185% of poverty	310,782,000	433,888,000	+62,762,000	496,650,000
(b) 130-185% of poverty	29,143,000	38,736,000	+4,588,000	43,324,000
(c) Below 130% of poverty	405,299,000	558,944,000	+95,592,000	654,536,000
Subtotal	745,224,000	1,031,568,000	+162,942,000	1,194,510,000
(2) Audit expenses	12,064,000	13,778,000	+3,301,000	17,079,000
Total, Child and adult care food program....	757,288,000	1,045,346,000	+166,243,000 (3)	1,211,589,000
(d) Summer food service program	170,872,000	179,957,000	+16,207,000 (4)	196,164,000
(e) State administrative expenses	60,647,000	63,746,000	+6,106,000 (5)	69,852,000
2. Commodity procurement:				
(a) Commodities	168,419,000	205,009,000	-21,485,000	183,524,000
(b) Cash in lieu of commodities	39,418,000	48,088,000	-5,039,000	43,049,000
Total, Commodity procurement	207,837,000	253,097,000	-26,524,000 (6)	226,573,000
3. Federal Review System	3,600,000	3,653,000	2,847,000 (7)	6,500,000
4. Nutrition studies and education:				
(a) Nutrition studies and surveys	3,142,000	3,085,000	—	3,085,000
(b) Nutrition education and training	5,000,000	7,500,000	-2,500,000 (8)	5,000,000
(c) Food Service Mgmt Inst:	500,000	1,143,000	—	1,143,000
Total, Nutrition studies and education	8,642,000	11,728,000	-2,500,000	9,228,000
Total, Appropriation	4,887,436,000	5,577,199,000	487,604,000	6,064,803,000
Proposed Legislation		-522,000		+1,436,000
President's Budget		5,576,677,000	a/	6,066,239,000

a/ The level of available funding in Fiscal Year 1991 assumes the implementation of proposed legislation on July 1, 1991 with the resulting reduction of \$522,000.

PROJECT STATEMENT - CURRENT LAW
(On basis of available funds)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
1. Cash payments to States:				
(a) School lunch program:				
(1) Above 185% of poverty	\$317,504,000	\$338,401,000	+\$22,578,000	\$360,979,000
(2) 130-185% of poverty	316,212,000	337,024,000	+22,486,000	359,510,000
(3) Below 130% of poverty	2,596,235,399	2,767,109,000	+184,620,386	2,951,729,386
Total, School lunch	3,229,951,399	3,442,534,000	+229,684,386(1)	3,672,218,386
(b) School breakfast program:				
(1) Above 185% of poverty	16,503,842	18,310,000	+1,832,000	20,142,000

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
(2) 130-185% of poverty	23,838,882	26,447,000	+2,647,000	29,094,000
(3) Below 130% of poverty	551,192,822	611,506,000	+61,182,000	672,688,000
Total, School breakfast	591,535,546	656,263,000	+65,661,000(2)	721,924,000
(c) Child and adult care food program:				
(1) Meal service				
(a) Above 185% of poverty	352,133,500	429,665,000	+66,985,000	496,650,000
(b) 130-185% of poverty	28,138,500	35,456,000	+7,868,000	43,324,000
(c) Below 130% of poverty	423,685,424	545,147,000	109,389,000	654,536,000
Subtotal	803,957,424	1,010,268,000	+184,242,000	1,194,510,000
(2) Audit expenses ...	10,482,559	13,778,000	+3,301,000	17,079,000
Total, Child and adult care food program....	814,439,983	1,024,046,000	+187,543,000(3)	1,211,589,000
(d) Summer food service programa/	163,450,025	179,008,000	+17,156,000(4)	196,164,000
(e) State administrative expensesb/	60,969,334	63,746,000	+6,106,000(5)	69,852,000
2. Commodity procurement:				
(a) Commodities	178,311,000	209,515,400	-25,991,400	183,524,000
(b) Cash in lieu of commodities	39,418,340	49,145,600	-6,096,600	43,049,000
Total, Commodity procurement	217,729,340	258,661,000	-32,088,000(6)	226,573,000
3. Federal Review System .c/	4,329,883	4,357,000	+2,143,000(7)	6,500,000
4. Nutrition studies and education:				
(a) Nutrition studies and surveys	3,142,000	3,085,000	—	3,085,000
(b) Nutrition education and training	5,000,000	7,500,000	-2,500,000(8)	5,000,000
(c) Food Service Mgmt Inst.	500,000	1,143,000	—	1,143,000
Total, Nutrition studies and education	8,642,000	11,728,000	-2,500,000	9,228,000
Total, Obligations	5,091,047,510	5,640,343,000	+473,705,386	6,114,048,386
Recovery of prior year obligations	-82,091,672			
Unobligated balances:				
Available, start of year	-240,601,407	-112,389,386	+63,144,000	-49,245,386
Available, end of year ...	+112,389,386	+49,245,386	-49,245,386	—
Lapsing	+6,692,183	—	—	—
Total, Appropriation	4,887,436,000	5,577,199,000	+487,604,000	6,064,803,000
Proposed Legislation		-522,000		+1,436,000
President's Budget		5,576,677,000:d/		6,066,239,000

a/ Includes 17 staff years for Summer Food Service Program monitors in Fiscal Year 1990 and 20 staff years in Fiscal Years 1991 and 1992. Also includes 13 staff years for reviews and training in Fiscal Year 1990 and 15 staff years for Fiscal Years 1991 and 1992.

b/ Includes 30 staff years for Fiscal Year 1990, 1991 and 1992 for regional office administered programs.

c/ Includes 63 staff years in Fiscal Year 1990, 70 staff years in Fiscal Year 1991, and 100 staff years in 1992.

d/ The level of available funding in Fiscal Year 1991 assumes the implementation of proposed legislation on July 1, 1991, with resulting reduction of \$522,000.

EXPLANATION OF PROGRAM

Overview of Program Development. The Child Nutrition Programs, authorized by the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, subsidize meals served to children in schools and in a variety of other institutions.

The Child Nutrition Programs have their origins in commodity distribution programs operated in the 1930's. In 1946, the NSLA established the National School Lunch Program "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities."

In 1966, Congress expanded the lunch program by providing for a pilot breakfast program, which was made a permanent program in 1975. Meal service was extended to pre-school age children in child care in 1968. In 1969, Congress made provision to assist feeding programs in serving meals to children for free or at a reduced price to children who met certain income eligibility guidelines. A Summer Food Service Program was initiated in 1968 to serve especially needy children while school was out of session. The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) reauthorized the Summer Food Service Program, State Administrative Expenses, the Commodity Distribution Program and the Nutrition Education and Training Program through 1994.

Eligibility and Benefits. A general description of eligibility for and benefits of the programs follows.

1. Cash Payments to States. The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available by letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies and, if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and the rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home as provided for in Section 11 of the NSLA.

- (a) National School Lunch Program. Assistance is provided to the States for the service of lunches and snacks to children in participating schools and institutions, regardless of household income. Additional assistance is provided to the States for serving lunches and snacks free or at a reduced price to needy children. States must match a portion of the Federal cash grant. In Fiscal Year 1991, the National School Lunch Program will provide assistance for serving an estimated 4.1 billion lunches, including 2.1 billion for children from upper income families, 0.3 billion for children from lower income families and 1.7 billion for children from low income families. Schools which, in the second previous school year, served at least 60 percent of their lunches at free or reduced prices receive an additional two cents per meal assistance. About one third of all lunches served in Fiscal Year 1990, or 1.3 billion, received an additional \$0.02 subsidy. The program will also provide assistance for about 7.5 million after school snacks in Fiscal Year 1991. An estimated 25 million children are expected to participate in the National School Lunch Program daily during the school year. Over 12 million needy children will participate on an average school day during the year.

- (b) School Breakfast Program. Federal reimbursement is based on the number of breakfasts served to children from low, lower or upper income families. Schools that served at least 40 percent of their lunches at free or reduced prices in the second preceding year and had unusually high preparation costs which exceeded regular breakfast per meal reimbursement, receive higher subsidies in both the free and reduced price categories. In Fiscal Year 1991, the program will serve an estimated 743 million breakfasts to a daily average of over 4 million children.

- (c) Child and Adult Care Food Program. Nonprofit child care centers and family and group day care homes receive subsidies for meals served to preschool and other children. Profit-making child care centers receiving compensation under Title XX of the Social Security Act may participate in the program if 25 percent of the children served are Title XX participants.

Certain adult day care centers are also eligible for participation in this program. The aim of the centers is to care for the needs of the functionally impaired. However, these centers may also provide subsidized meals to non-impaired individuals, providing they are 60 years or older. They must be nonprofit unless they receive compensation under Title XIX or Title XX of the Social Security Act for at least 25 percent of their enrollees. The Child and Adult Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers and meal supplements. In Fiscal Year 1991, approximately 1.2 billion meals will be served to a daily average of 1.7 million children and adults.

(d) Summer Food Service Program. Meals served free to children in low-income neighborhoods during the summer months are supported on a per-meal basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1991, approximately 95 million meals will be served to about 2 million children in the peak month.

(e) State Administrative Expenses. These funds may be used for State employee salaries, benefits, support services and office equipment. The State Administrative Expenses grant is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. In Fiscal Year 1991, approximately \$64 million will be allocated to fund on-going State administrative expenses and to improve the management of the various nutrition programs.

2. Commodity Procurement. Entitlement commodities and cash-in-lieu thereof required under section 6(e) of the National School Lunch Act (NSLA) are provided from two sources: funds appropriated to the Child Nutrition Programs and funds available to the Agriculture Marketing Service (AMS) under section 32 of the Act of August 24, 1935. Commodities are purchased for distribution to the School Lunch, Child and Adult Care Food and Summer Food Service Programs. The minimum, or "entitlement" commodity support rate for all school lunch and child care center lunches and suppers served is mandated by section 6(e) of the National School Lunch Act and is adjusted annually on July 1 to reflect changes in the Producer Price Index for Food Used in Schools and Institutions. For the period July 1, 1990 through June 30, 1991, the commodity support rate for the NSLP and OCFP is 14.00 cents per lunch.

The \$609.6 million available in Fiscal Year 1991 for entitlement commodity support for Child Nutrition Programs (including commodities, cash-in-lieu of commodities and administrative costs) includes \$350.9 million from Section 32 funds and \$258.7 million from direct appropriation.

Section 32. This authority provides for purchase of perishable non-price support commodities when it is necessary to stabilize market conditions. Within the constraints of market conditions, seasonality of crops, and other factors, these purchases are planned so that commodities are delivered to schools on a regular basis throughout the year. The typical commodities purchased include meat, poultry, fish, fruits and vegetables.

Section 6(e) of the National School Lunch Act. Although market considerations play a role, this section can be used to purchase price support and non-price support commodities based on recipient need and preference. Section 6(e) funds are used to provide schools with some of the perishable foods, such as meat, as well as non-perishable price support commodities (grains, oil, and peanut products) that they need. In addition, section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu of Commodity Letters of Credit, adult care centers and child care centers which may elect to receive all of their commodity entitlement in cash. In Fiscal Year 1991, cash-in-lieu obligations are estimated to account for about \$49 million of the Child Nutrition appropriation used for commodity purchases.

Bonus Commodities. In addition to entitlement commodities, when supplies permit, "bonus" commodities are provided to schools and institutions. Outlets can obtain as much of some bonus commodities as they can use without waste; other bonus

commodities are offered on a limited basis. These commodities are purchased by AMS and the Commodity Credit Corporation (CCC) and then donated to FNS for distribution. The two sources of bonus commodities are the Price Support Program and the Surplus Removal Program.

Price Support Program. When the Commodity Credit Corporation (CCC) acquires significant inventories of price support commodities, section 416 of the Agricultural Act of 1949 authorizes the CCC to donate commodities from its inventory to schools and other institutions. During Fiscal Year 1990, the Department donated cheese, butter, honey, corn meal and flour. Section 416 bonus donations to the Child Nutrition Programs were estimated at \$96 million in Fiscal Year 1990.

Surplus Removal Program. Under the provisions of Section 32, funds are available for emergency surplus removal purchases. The Secretary of Agriculture determines when perishable commodities such as meats, poultry, fish, fruits and vegetables should be purchased and donated to schools and institutions under this surplus removal authority. In Fiscal Year 1990, about \$14.6 million in bonus commodities were delivered to schools and other eligible child nutrition outlets under this authority.

3. Federal Review

FNS conducts federal reviews in the National School Lunch Program to evaluate the accuracy of local and State meal service data, and provides training and technical support to schools to help improve local program accountability. For 1991, approximately 70 staff yers will be needed.

4. Nutrition Studies and Education

(a) Nutrition Studies and Surveys. Section 6(a)(3) of the NSIA authorizes the use of Child Nutrition Program funds for nutrition studies and surveys. The purpose of these studies and surveys is to provide descriptive and evaluative information about the programs in order to make informed decisions and improve program operations.

(b) Nutrition Education and Training (NET). This program, established in 1977 by P.L. 95-166, the National School Lunch Act and Child Nutrition Amendments of 1977, has provided funds for State agencies to begin or augment instruction of educators and students in the fundamentals of nutrition and training of school food service personnel in nutrition and food service management to help build good food habits.

(c) Food Service/Management Institute (FSMI). A Food Service Management Institute has been established in Mississippi to provide instruction for educators and school food service personnel in nutrition and food service management. In Fiscal Year 1991, \$1.1 million will be provided from this account to support the FSMI.

State/Federal Responsibilities. The Child Nutrition Programs are operated through a State/Federal partnership under agreements signed by State educational, agricultural, social service or health agencies and FNS. Through this Federal/State partnership, FNS has agreements with 86 State agencies. There are over 20,000 School Food Authorities which oversee the activities of over 91,000 schools, over 40 percent of which offer both lunch and breakfast. Typical sponsors include School Food Authorities and local county or municipal governments. Currently there are over 2,400 sponsors for the Summer Food Service Program and over 10,600 sponsors of the Child and Adult Care Food Program (CACFP). There are currently about 153,000 child care centers and family day care homes participating in the CACFP.

FNS provides cash reimbursements for meals served by type and ensures that appropriate commodities are delivered on a timely basis. FNS also provides funds to help defray State administrative expenses. FNS also promulgates rules implementing the programs as defined by statute, including specifying nutritional requirements for the meals (i.e., meal patterns), meal counting and reporting procedures to ensure confidentiality of free and reduced price meal recipients while assuring accurate counts; requirements for cash and facilities management; and other administrative requirements.

Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices. Thirty staff years for regional office administered programs are funded from this account in Fiscal Year 1991. An additional 20 staff years support monitoring efforts for regional office administered summer programs.

The Child Nutrition and WIC Reauthorization Act of 1989 added a new section (g) to Section 13 of the NSIA which requires the Secretary to "establish a system under which the Secretary and States shall monitor the compliance of private nonprofit organizations". In recognition of the vulnerability of this class of summer program sponsors to program abuse, 1/2 of 1 percent of the funds appropriated are authorized to carry out this function. The 1991 funding is \$904,000. The current estimate for 1992 is \$981,000, funded within the amount requested for the Summer Food Service Program.

The Food and Nutrition Service will monitor high risk sponsors using federal reviewers during the Summer months. This strategy will enable each of the seven regional offices to concentrate on these sponsors during the periods of operation. Headquarters staff will provide support for the review guides and resource planning. As in federal reviews of the National School Lunch Program, nationally consistent review procedures will be used in all regional office reviews. All materials will be made available to State Agencies administering the program to assure consistent procedures. The goal will be to perform a review of every private nonprofit sponsor/site in the program. Priority will be given to the largest sponsors and sites for review. Reviews will be coordinated with State Agencies to the maximum extent practical. State plan and sponsor agreement information will be used to identify sponsors for review. Follow-up reviews and corrective action will be carefully coordinated with State Agencies. For 1991 approximately 15 staff years will be needed.

JUSTIFICATION OF INCREASES AND DECREASES

The Fiscal Year 1992 request for the Child Nutrition Programs reflects an increase of \$487,604,000.

- (1) An increase of \$242,297,000 in the appropriation for the School Lunch Program (\$3,380,676,000 available in 1991). On the basis of available funds, there is an increase of \$229,684,000 (\$3,442,534,000 available in 1991).

Need for Change. The total number of school lunches is expected to increase by 37 million in Fiscal Year 1992 due to increased school enrollment. The projected rise in reimbursement rates on July 1 reflecting increases in the Consumer Price Index (CPI) for Food Away from Home will contribute to the need for increased funding.

Nature of Change. A funding level of \$3,622,973,000 will be needed in Fiscal Year 1992 for the School Lunch Program to provide full reimbursement for meals served. The following table compares meals served and rates:

<u>Meals Served in Millions</u>	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>	<u>Change</u>
Above 185% of poverty.....	2,115	2,138	2,158	20
130-185% of poverty.....	274	277	279	+2
Below 130% of poverty.....	<u>1,679</u>	<u>1,695</u>	<u>1,710</u>	<u>+15</u>
Total	4,068	4,110	4,147	+37
Average participation (millions)	24.3	24.6	24.8	+0.2
Average rates (cents)				
Above 185% of poverty....	14.88	15.63	16.41	+0.78
130-185% of poverty.....	99.41	106.36	114.76	+8.4
Below 130% of poverty....	139.59	146.57	154.96	+8.39
Program Cost (\$ mil) ..a/	\$3,229.9	\$3,442.5	\$3,672.2	+\$229.7

a/ Includes funds for schools which receive an additional two cents reimbursement.

- (2) An increase of \$82,928,000 in the appropriation for the School Breakfast Program (\$638,996,000 available in 1991). On the basis of available funds, there is an increase of \$65,661,000 (\$656,263,000 available in 1991).

Need for Change. An increase of 33 million meals is projected for Fiscal Year 1992. In addition, the projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$721,924,000 will be needed in Fiscal Year 1992 for the School Breakfast Program.

The following table compares meals and rates in the School Breakfast Program by category.

<u>Breakfasts Served in Millions</u>	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>	<u>Change</u>
Above 185% of poverty.....	94	98	103	+5
130-185% of poverty.....	38	39	40	+1
Below 130% of poverty.....	<u>574</u>	<u>606</u>	<u>633</u>	<u>+27</u>
Total	706	743	776	+33
Average participation (mil)	4.2	4.4	4.6	+0.2
Average rates (cents)				
Above 185% of poverty....	17.64	18.35	18.89	+0.54
130-185% of poverty	64.67	69.08	74.41	+5.33
Below 130% of poverty...	94.71	99.12	104.45	+5.33
Program Cost (\$ mil)	\$591.5	\$656.3	\$721.9	+\$65.6

- (3) An increase of \$166,243,000 in the appropriation for the Child and Adult Food Program (\$1,045,346,000 available in 1991). On the basis of available funds, there is an increase of \$187,543,000 (\$1,024,046,000 available in 1991).

Need for Change. An increase of 133 million meals is projected for Fiscal Year 1992 in child care centers, family day care homes and adult day care centers. In addition, the projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. A funding level of \$1,211,589,000 will be needed in Fiscal Year 1992 in the Child and Adult Care Food Program to provide full reimbursement for meals served.

The following table compares meals and rates for the Program:

<u>Meals served in Millions</u>	<u>FY 1990 Actual</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>	<u>Change</u>
Child and adult care centers:				
Above 185% of poverty...	165	175	183	+8
130-185% of poverty.....	49	52	53	+1
Below 130% of poverty...	<u>315</u>	<u>376</u>	<u>447</u>	<u>+71</u>
Total child care centers.....	529	603	683	+80
Family day care homes.....	<u>498</u>	<u>555</u>	<u>608</u>	<u>+53</u>
Total.....	1,027	1,158	1,291	+133
Average subsidy per meal (cents):				
Child care centers:				
Above 185% of poverty...	15.13	15.77	16.36	+5.9
130-185% of poverty.....	76.99	82.56	89.09	+6.53
Below 130% of poverty...	107.71	113.09	119.42	+6.33
Family day care homes.....	100.50	105.67	111.49	+5.82
Program cost (\$mil).....	\$814.4	\$1,024.0	\$1,211.6	+\$187.6

- (4) An increase of \$16,207,000 in the appropriation for the Summer Food Service Program (\$179,957,000 available in 1991). On the basis of available funds, there is an increase of \$17,156,000 (\$179,008,000 available in 1991). The increase of \$16,207,000 consists of:

(a) an increase of \$125,684 to annualize fiscal year 1991 pay costs and to fund the fiscal year 1992 pay raise.

(b) an increase of \$16,081,316 for the Summer Food Service Program.

Need for Change. An increase of 2.2 million meals is projected for Fiscal Year 1992 for a total of 97.6 million meals. The projected rise in the reimbursement rate on January 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$196,164,000 will be needed in the Summer Food Service Program in Fiscal Year 1992 to provide full reimbursement for meals served.

- (5) A increase of \$6,106,000 in the appropriation for State Administrative Expenses (\$63,746,000 available in 1991). On the basis of available funds, there is an increase of \$6,106,000 (\$63,746,000 available in 1991), consisting of:

(a) an increase of \$124,169 to annualize fiscal year 1991 pay costs and to fund the fiscal year 1992 pay raise.

(b) an increase of \$5,981,831 for State administrative expenses.

Need for Change. The increase is due to the increase in meal service in Fiscal Year 1990 which is the base year for grant formulation.

Nature of Change. An appropriation of \$69,852,000 will be needed in Fiscal Year 1992 for State Administrative Expenses. Each State will receive a grant of at least one percent of the funds expended by the State during Fiscal Year 1989 with a minimum grant of \$100,000. The funds available above the basic grant will be allocated to the States to improve program administration.

- (6) A decrease of \$26,524,000 in the appropriation for Commodity Procurement (\$253,097,000 available in 1991). On the basis of available funds, there is a decrease of \$32,088,000 (\$258,661,000 available in 1991).

Need for Change. Overall Federal entitlement commodity support will increase by \$17 million in fiscal Year 1992 as required by law. However, an increase in the value of entitlement commodities provided by Section 32 results in a decrease in the level of direct funding required for Fiscal Year 1991. The amount requested also includes funds for administrative costs related to commodity procurement, as well as funds for related ADP systems development efforts.

Nature of Change. In addition to the direct appropriation for commodity procurement for the Child Nutrition Programs, the Agricultural Marketing Service provides the Child Nutrition Programs with commodities purchased with funds from Funds for Strengthening Markets, Income, and Supply (Section 32).

The total usage of the funds from the two accounts is as follows:

(Dollars in Millions)

<u>Account</u>	<u>FY 1990 Estimate</u>	<u>FY 1991 Estimate</u>	<u>FY 1992 Estimate</u>	<u>Change</u>
Child Nutrition Programs ..	\$217.7	\$258.7	\$226.6	-\$32.1
Funds for Strengthening Markets, Income and Supply (Section 32)	<u>350.4</u>	<u>350.9</u>	<u>400.0</u>	<u>+49.1</u>
Total	568.2	\$609.6	\$626.6	+\$17.0

- (7) An increase of \$2,847,000 in the appropriation for the Federal Review System (\$3,653,000 available in 1991). On basis of available funds, there is an increase of \$2,143,000 (\$4,357,000 available in 1991), consisting of:

(a) an increase of \$429,608 to annualize fiscal year 1991 pay costs and to fund the fiscal year 1992 pay raise.

(b) an increase of \$2,417,392 for the Federal Review System.

Need for Change. The Federal Review System was started after a series of audits and reviews indicated problems in school meal counting and claiming free meal reimbursements for more meals than actually served to eligible children. A pilot program to assess the situation began in 1989. Reviews will be conducted using standards consistent with State-conducted review standards and results will be shared with the States. Additional funds are requested in the 1992 budget to continue these efforts and to extend Federal review efforts to the Child and Adult Care Food Program.

Nature of Change. An appropriation of \$6,500,000 will be needed in Fiscal Year 1992 to fully fund the Federal Review Program.

- (8) A decrease of \$2,500,000 in the appropriation for Nutrition Education Studies and Training Surveys (\$7,500,000 available in 1991). On the basis of available funds, there is a decrease of \$2,500,000 (\$7,500,000 available in 1991).

Need for change. This program was intended to provide seed money for the States to begin or augment training of educational and school food service personnel to provide nutrition educational programs in schools. Continued Federal support for these activities has been maintained in recent years at the \$5 million level. States should decide the appropriate level of total funding for these activities by supplementing the basic Federal grant as they deem necessary.

Nature of change. This level of funding would provide grants to States at the Fiscal Year 1990 level.

CHILD NUTRITION PROGRAMS
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	<u>1991</u>		<u>1992</u>	
	<u>Current Law</u>	<u>President's Request</u>	<u>Current Law</u>	<u>President's Request</u>
School lunch program	\$3,380,676,000	\$3,380,996,000	\$3,622,973,000	\$3,631,168,000
School breakfast program	638,996,000	639,504,000	721,924,000	726,078,000
Child and Adult care food program	1,045,346,000	1,045,346,000	1,211,589,000	1,211,589,000
Summer food service program	179,957,000	179,957,000	196,164,000	196,164,000
State administrative expenses	63,746,000	63,746,000	69,852,000	69,852,000
Commodity procurement	253,097,000	251,747,000	226,573,000	215,660,000
Federal Review System	3,653,000	3,653,000	6,500,000	6,500,000
Nutrition studies and surveys	3,085,000	3,085,000	3,085,000	3,085,000
Nutrition education and training	7,500,000	7,500,000	5,000,000	5,000,000
Food Service Management Institute	<u>1,143,000</u>	<u>1,143,000</u>	<u>1,143,000</u>	<u>1,143,000</u>
Total request	5,577,199,000	5,576,677,000	6,064,803,000	6,066,239,000
Section 32	<u>350,900,000</u>	<u>350,900,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
Total Available	5,928,099,000	5,927,577,000	6,464,803,000	6,466,239,000

Explanation of Proposed Legislation

Proposed legislation would improve the efficiency and targeting of school lunch subsidies by (1) increasing per meal subsidies for lunches and breakfasts served to children from households with incomes between 130 and 185 percent of poverty by 25 cents and 20 cents respectively. This will decrease the maximum price that could be charged from 40 cents to 15 cents in lunches and 30 cents to 10 cents in breakfasts; and (2) decreasing per meal subsidies for children from households with incomes above 185 percent of poverty by 6 cents for lunches and 3.75 cents for breakfasts. Schools and institutions will continue to receive the current per meal commodity subsidies for all meals served.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Milk Program:

For necessary expenses to carry out the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), [\$19,268,000] \$23,011,000, to remain available through September 30, [1992] 1993. Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month.

Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.

This change makes the appropriation available until September 30, 1993.

SPECIAL MILK PROGRAM

Appropriations Act, 1991	\$19,268,000
Budget Estimate, 1992	<u>23,011,000</u>
Increase in Appropriation	<u>+3,743,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Change</u>	<u>1992 Estimated</u>
Cash payments to States	<u>\$19,268,000</u>	<u>+\$3,743,000</u>	<u>\$23,011,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
1. Cash payments to States:				
(a) Paid milk	\$18,643,000	\$17,683,000	+\$3,461,000	\$21,144,000
(b) Free milk	1,666,000	1,585,000	+282,000	1,867,000
Total, Appropriation	<u>20,309,000</u>	<u>19,268,000</u>	<u>+3,743,000(1)</u>	<u>23,011,000</u>

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
1. Cash payments to States:				
(a) Paid milk	\$20,234,841	\$21,483,000	-\$339,000	\$21,144,000
(b) Free milk	1,808,231	1,925,000	-58,000	1,867,000
Total, obligations	<u>22,043,072</u>	<u>23,408,000</u>	<u>-397,000</u>	<u>23,011,000</u>
Recovery of prior year obligations	-1,450,420	—	—	—
Unobligated balances:				
Available, start of year	-3,583,217	-4,943,758	+4,943,758	—
Available, end of year	+4,943,758	—	—	—
Restored	-1,660,485	—	—	—
Lapsing	+16,292	+803,758	-803,758	—
Total Appropriation	<u>20,309,000</u>	<u>19,268,000</u>	<u>+3,743,000(1)</u>	<u>23,011,000</u>

EXPLANATION OF PROGRAMSpecial Milk Program

Overview of Program Development. Originally designed to support milk prices while encouraging children to drink more milk, the Special Milk Program was first funded by the Commodity Credit Corporation in 1955. The Agricultural Act of 1961 authorized the first direct appropriation for the Program. The Special Milk Program is now authorized by Section 3 of the Child Nutrition Act of 1966, as amended.

Eligibility. Eligible institutions include public and private nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. In addition, children in split session kindergarten

programs in public or private non-profit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

Benefits. The program provides institutions subsidies for half-pints of milk served to children. In Fiscal Year 1991, approximately 209 million half-pints of milk will be served in the Special Milk Program. These include about 197 million half-pints served to children whose family income is above 130 percent of poverty and about 12 million half pints served free to children whose family income is at or below 130 percent of poverty. During Fiscal Year 1991, the average full cost reimbursement for milk served to needy children is expected to be 16.60 cents for each half-pint. Milk served to non-needy children is expected to be reimbursed at 10.88 cents for each half pint. The cash reimbursement rate for non-needy children is adjusted annually on July 1.

State/Federal Responsibilities. The program is operated through a partnership under agreements signed by State educational, social service or health agencies and the Food and Nutrition Service. State agencies administer the program through local school food authorities or other institutions. FNS provides cash reimbursements for milk served to eligible children and also provides funds for state administrative expenses relating to the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$3,743,000 is requested in the appropriation for the Special Milk Program (\$19,268,000 available in 1991). On the basis of available funds, there is a decrease of \$397,000 (\$23,408,000 available in 1991).

Need for change. The increase in funds reflects the current estimates of funds needed to maintain the program in Fiscal Year 1992 due to adjustments for inflation and program participation. Prior years were funded in part by the availability of unobligated funds at the start of the fiscal year.

Nature of change. A funding level of \$23,011,000 will be needed in Fiscal Year 1992 to provide reimbursement for milk served in the Special Milk Program.

	<u>1990 Actual</u>	<u>1991 Estimate</u>	<u>1992 Estimate</u>
Half-pints served (thousands)			
Paid (above 130% of poverty)	179,220	197,453	201,367
Free 130% of poverty or below)	<u>11,000</u>	<u>11,594</u>	<u>11,824</u>
Total	<u>190,220</u>	<u>209,047</u>	<u>213,191</u>
Reimbursement Rates (cents)			
Paid	10.44	10.88	10.50
Free	15.20	16.60	15.79

FOOD AND NUTRITION SERVICE

The estimate include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Supplemental Food Program for Women, Infants, and Children (WIC):

For necessary expenses to carry out the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), [\$2,350,000,000] \$2,573,400,000, to remain available through September 30, [1992, of which up to \$2,750,000 may be used to

1 carry out the farmer's market coupon demonstration project] 1993: provided,
 2 that the increase in funding over the 1991 enacted level first shall be used
for eligible, non-participating pregnant women and infants and then for
eligible one and two year old children.

The first change deletes a provision applicable only to 1991. The authorization for Farmer's Market Demonstration projects expires at the end of Fiscal Year 1991.

The second change makes the appropriation available until September 30, 1993 and adds language designed to reinforce the existing priority system including present policy on nutritional risk. Under this system, States will be encouraged to serve, after those at medical risk, younger children ahead of older children.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

Appropriations Act, 1991	\$2,350,000,000
Budget Estimate, 1992	<u>2,573,400,000</u>
Increase in Appropriation	<u>+223,400,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Special Supplemental Food Program (WIC)	<u>\$2,350,000,000</u>	<u>+223,400,000</u>	<u>\$2,573,400,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Special Supplemental Food Program (WIC):				
(a) Grants to States for supplemental food	\$1,600,923,000	\$1,791,332,000	+\$172,808,000	\$1,964,140,000
(b) Costs for nutrition services and administration	518,077,000	550,918,000	+53,342,000	604,260,000
(c) Farmers' Market Projects	2,000,000	2,750,000	-2,750,000	—
(d) Program evaluation projects	4,958,000	5,000,000	—	5,000,000
Total, Appropriation	<u>2,125,958,000</u>	<u>2,350,000,000</u>	<u>+223,400,000(1)</u>	<u>2,573,400,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Special Supplemental Food Program (WIC):				
(a) Grants to States for supplemental food ...	\$1,640,964,691	\$1,791,375,981	+\$172,764,019	\$1,964,140,000
(b) Costs for nutrition services and administration	481,112,565	550,931,000	+53,329,000	604,260,000
(c) Farmers' Market Project	2,000,000	2,750,000	-2,750,000	—
(d) Program evaluation projects	4,903,000	5,000,000	—	5,000,000
Total, Obligations	<u>2,128,980,256</u>	<u>2,350,056,981</u>	<u>+223,343,019(1)</u>	<u>2,573,400,000</u>
Recovery of prior year obligations	-2,670,243	—	—	—
Unobligated balances:				
Available, start of year	-440,003	-56,981	+56,981	—
Available, end of year	56,981	—	—	—
Lapsing	31,009			
Total, Appropriation	<u>2,125,958,000</u>	<u>2,350,000,000</u>	<u>223,400,000(1)</u>	<u>2,573,400,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. The Special Supplemental Food Program (WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program was established as a two-year pilot project under Public Law 92-433. Public Law 96-499, enacted on December 5, 1980, extended the program authorization through September 30, 1984. The authorization was extended through 1989 by Public Laws 99-500 and 99-591, the School Lunch and Child Nutrition Amendments of 1986. Public Law 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, authorizes the program through September 30, 1994.

Eligibility. Funds are made available to local health clinics or other service sites through State departments of health and to Indian groups to provide supplemental foods to low-income pregnant, postpartum and breastfeeding women, infants and young children up to five years of age who are determined by competent professionals (physicians, nutritionists, nurses and other health officials) to be at nutritional risk.

Benefits. The WIC Program is intended to supplement recipients' existing diets with food packages designed to provide foods rich in nutrients often lacking in the diets of the WIC Program target population. The program also encourages breastfeeding in an effort to raise breastfeeding rates toward the U.S. Surgeon General's goal. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter. In addition, WIC provides as integral program benefits nutrition education and counseling and referrals to health services. In Fiscal Year 1991, program funds are expected to support an average monthly participation of about 4.7 million participants at an average cost of \$41.41 per person per month. Recent expansion of cost containment measures, especially infant formula rebates, allow the number of people who can be served by the program to increase.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. WIC benefits are free of charge to all participants.

State/Federal Responsibilities. The program is administered in a Federal/State partnership in which FNS provides cash grants to States for food and administrative expenses. States develop operating plans which, after consideration of public comment and FNS approval as required by statute and Federal regulations, define how the State will implement the program for the year. States then enter into written agreements with local agencies and allocate administrative money to local health care agencies and clinics where WIC programs are administered. In retail purchase States, the local clinics prescribe food packages by providing participants "food instruments" each month which the participants exchange for foods at approved retail grocery stores. The form of the food instruments varies from State to State; they may be vouchers or checks. Where food instruments are checks, retailers deposit them in a bank before their expiration date. Vouchers must be submitted to a State or local WIC agency before their expiration date and the retailers are paid within 60 days. The States are responsible for monitoring retailers and assuring the integrity of the redemption system. Presently, over 50,000 retailers are authorized to participate in the program.

FNS provides funds for the cost of the food packages and the costs of administering the program, including nutrition education. Food funds are allocated to States for food costs on the basis of a funding formula which takes into consideration previous funding, benefit targeting, inflation and each state's number of income eligible persons, low weight births, and infant mortality rates. Administrative funds are allocated among the States for costs for nutrition services and administration associated with the WIC Program. These costs include certifying participant eligibility, food delivery and warehousing, monitoring, nutrition education, breastfeeding promotion, health care coordination and referral, drug abuse education, financial management, clinic operations and administration by State agencies. Slightly more than one-sixth of these administrative funds must be used for nutrition education activities. Up to one-half of one percent of sums appropriated, not to exceed \$5 million, may be made available for evaluation of program performance.

State Food Cost Containment Initiatives to Expand Participation. The Commodity Distribution Reform Act and WIC Amendments of 1987, P.L. 100-237, the Rural Development, Agriculture and Related Agencies Appropriations Act of 1989, P.L. 100-460, and the Child Nutrition and WIC Amendments Reauthorization Act, P.L. 101-147, require State agencies with retail food delivery systems to use a single supplier competitive bidding system or a system with equal savings for the procurement of infant formula. Savings from these efforts are to be used to expand program participation. Further, since participation will increase administrative costs, P.L. 101-147 authorized administrative funding based on a per participant allocation, annually adjusted for the increased costs of State and local services.

The total amount of savings from rebates for Fiscal Year 1990 was about \$500 million, supporting an average 850,000 participants each month. For Fiscal Year 1991, savings are projected at about \$600 million, which will support about 950,000 participants each month.

P.L. 101-147 permits State agency fiscal year carry-over authority from the second year of implementation of an approved cost-containment system in an amount equal to 3 percent of the States' food grant. P.L. 101-147 also permits State agencies with approved cost containment systems to use funds from the first quarter of a fiscal year to cover obligations incurred during the fourth quarter of the preceding year.

Farmer's Market Coupon Demonstration Projects

The Hunger Prevention Act of 1988, P.L. 100-435, authorized FNS to award grant funds for up to 10 three-year demonstration projects to provide WIC participants with coupons that can be redeemed for fresh, unprepared foods at authorized farmers' markets. The following States were selected through a competitive grant application process to administer the projects: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, Vermont, and Washington.

Congress has appropriated \$2.75 million for the projects in Fiscal Year 1991. FNS intends to allocate Fiscal Year 1991 funds to grantee States based on the same pro rata shares of available funds as they received last year. FNS is conducting an evaluation of the projects and will submit a report of the results to Congress at the end of the second year of project operations.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$223,400,000 in the appropriation for WIC (\$2,350,000,000 available in 1991). On the basis of available funds, there is an increase of \$223,343,019 (\$2,350,056,981 available in 1991).

Need for Change. This request will fund inflationary increases in WIC food and administration costs and a leveling-off of rebate savings, while serving nearly 200,000 additional at-risk pregnant women, infants and children, the most vulnerable low-income members of our population. Funding WIC is a wise investment in healthier babies and improved nutrition for low-income women and children. This request funds benefits for virtually all eligible pregnant women and infants, the group for which participation has been shown to reduce Medicaid costs.

Nature of Change. The average cost per person will rise from \$41.41 in Fiscal Year 1991 to \$43.78 in Fiscal Year 1992 and the average monthly participation will rise from 4.7 in Fiscal Year 1991 million to 4.9 million in Fiscal Year 1992.

<u>Special Supplemental Food Program</u>	1990 Actual	1991 Estimate	1992 Estimate	Change
Average Participation per month (in millions).....	4.5	4.7	4.9	0.2
Program level (\$ in millions):				
Food costs	\$1,642.0	\$1,791.4	\$1,964.1	+\$172.7
State and local administrative costs	480.1	550.9	604.3	+53.4
Farmers' Market Projects	2.0	2.8	—	-2.8
Program evaluation projects	4.9	5.0	5.0	—
Total	2,129.0	2,350.1	2,573.4	+\$223.3

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Supplemental Food Program:

[For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than \$8,000,000 for the projects in Detroit, New Orleans, and Des Moines, \$81,928,000: Provided, That funds provided herein shall remain available through September 30, 1992: Provided further, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program].

- 1 For the commodity supplemental food program established in U.S.C. 612c (note),
- 2 \$85,369,000: Provided, That funds provided herein shall remain available through September 30, 1993: Provided, That the Commodity Credit Corporation may donate nonfat dry milk and cheese for use in this program in excess of the quantities specified in section 5(d)(2) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) only to the extent that such donations are not inconsistent with the mission of the Commodity Credit Corporation to protect farm income and compete in world trade.

The first change would provide funds to carry out the Commodity Supplemental Food Program and would not affect the donation of up to 4 million pounds of nonfat dry milk and 9 million pounds of cheese from the Commodity Credit Corporation (CCC) to the Commodity Supplemental Food Program (CSFP) as authorized by the Food, Agriculture Conservation and Trade Act of 1990. However, this change would allow additional donations only if they did not impede the mission of developing and maintaining foreign markets by selling government-held commodities in world trade at competitive prices. Also, by limiting donations to CSFP (a discretionary program), spending from the CCC (a mandatory program) would not be used to fund a discretionary program (CSFP). It is intended that funds for this program would remain available through September 30, 1993.

The second change makes funds available through September 30, 1993 which was inadvertently omitted from the printed budget.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Appropriations Act, 1991	\$81,928,000
Budget Estimate, 1992	<u>85,369,000</u>
Increase in Appropriation	<u>+3,441,000</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Commodity Supplemental Food Program	<u>\$81,928,000</u>	<u>+\$3,441,000</u>	<u>\$85,369,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Commodity Supplemental Food Program (CSFP):				
Commodities.....	\$55,169,405	\$65,542,400	+\$2,752,800	\$68,295,200
Administrative costs.....	10,219,200	16,385,600	+688,200	17,073,800
Special admin. funds.....	2,739,395	—	—	—
Total Appropriation	<u>68,128,000</u>	<u>81,928,000</u>	<u>+\$3,441,000(1)</u>	<u>85,369,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
Commodity Supplemental Food Program (CSFP):				
Commodities.....	\$58,688,377	\$66,049,455	+\$2,245,745	\$68,295,200
Administrative costs.....	10,218,380	16,385,600	+688,200	17,073,800
Special admin. funds.....	2,608,301	—	—	—
Total Obligations	<u>71,515,058</u>	<u>82,435,055</u>	<u>+2,933,945</u>	<u>85,369,000</u>
Recovery of prior year obligations	-168,598	—	—	—
Unobligated balances:				
Available, start of year ..	-3,733,424	-507,055	+507,055	—
Available, end of year ...	507,055	—	—	—
Lapsing	7,909	—	—	—
Total, Appropriation	<u>68,128,000</u>	<u>81,928,000</u>	<u>+3,441,000(1)</u>	<u>85,369,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. Instituted in November 1968 through Public Law 90-463, the Commodity Supplemental Food Program (CSFP) is now authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended. The elderly component of CSFP was initiated by the Agriculture and Food Act of 1981, P.L. 97-98, which provided for two pilot projects for low-income elderly persons in Polk County, Iowa and in Detroit, Michigan. These projects began operations in

September, 1982 and a third pilot project in New Orleans, Louisiana, began after authorization by P.L. 97-370, December 18, 1982. The Food Security Act of 1985, P.L. 99-198, provided that funds available beyond those needed to serve women, infants, and children could be used to serve elderly persons beyond those participating in the original pilot project sites. The program was reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624. This law increased administrative funding from 15 percent to 20 percent of funds appropriated, discontinued administrative funding based on the value of donated commodities, and allowed establishment of elderly-only programs.

Eligibility and Benefits. This program provides foods donated and purchased by USDA to infants and children up to age six and to pregnant, postpartum and breastfeeding women and senior citizens who have low incomes and are residing in approved project areas. The foods are provided by the Department of Agriculture for distribution through State agencies and are intended to supplement food acquired by recipients with their own money, the Food Stamp Program, etc. The authorized commodities are iron-fortified infant formula and cereal, adult cereals, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, rice or pasta, and peanut butter or dry beans. Elderly participants are eligible to receive all commodities except iron-fortified infant formula and infant cereal. In Fiscal Year 1991, authorized caseload levels of about 222,000 women, infants and young children and about 109,000 elderly have been allocated to receive supplemental food packages each month. CSFP participants sometimes receive "bonus" commodities in addition to the basic food package. As required by P.L. 101-624, 9 million pounds of cheese, more than 2 pounds per person per month, will be provided as a bonus commodity in Fiscal Year 1991.

When an excess of appropriate commodities are held in Commodity Credit Corporation (CCC) inventory, they may be donated by CCC without charge to the CSFP appropriation and used to fulfill part of the entitlement. Such donated commodities are referred to as "free foods". Since free foods are not charged against the CSFP appropriation, funds that are saved can be made available for additional participant service. In Fiscal Year 1991, a total of 9.8 million pounds of nonfat dry milk will be donated to the program, including 4 million pounds of donated nonfat dry milk as required by P.L. 101-624.

State/Federal Responsibilities. The CSFP is operated as a State/Federal partnership under agreements signed by State health care or agricultural agencies and the Food and Nutrition Service. The Federal government provides all commodities distributed to participants through the program. States are given 20 percent of the Federal funds appropriated to cover administrative costs. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$3,441,000 in the appropriation for Commodity Supplemental Food Program (\$81,928,000 available in 1991). On the basis of available funds there is an increase of \$2,933,945 (\$82,435,055 available in 1991).

Need for change. The increase provides for a projected rise in the food package costs. As a discretionary account, the increase was determined by applying the uniform non-pay inflation factor to the Fiscal Year 1991 appropriation. Reduced availability of donated nonfat dry milk in Fiscal Year 1992 will result in a higher food cost for appropriated funds.

Nature of change. The funding level available for Fiscal Year 1992 will support caseload levels of approximately 222,000 women, infants and children and 85,000 elderly.

Commodity Supplemental Food Program

	<u>FY 1990</u> <u>Actual</u>	<u>FY 1991</u> <u>Estimate</u>	<u>FY 1992</u> <u>Estimate</u>	<u>Change</u>
Peak Participation (in thousands):				
women, infants, children	180	222	222	0
CSFP/Elderly	106	109	85	-24
Program Level (\$ in millions):				
Food Costs	\$58.7	\$66.0	\$68.3	+\$2.3
State and local administrative costs	12.8	16.4	17.1	+\$0.7
Total	\$71.5	\$82.4	\$85.4	+\$3.5
Average food cost per person per month:				
Women, Infants and Children:				
Entitlement	\$19.16	\$20.41	\$20.70	+\$0.29
FNS funded	(18.83)	(18.22)	(19.76)	(+1.54)
Free substitute (donated) ..	(0.33)	(2.19)	(0.94)	(-1.25)
Bonus (donated)	2.54	2.20	2.23	+0.03
Average per person total commodities	\$21.70	\$22.61	\$22.93	+\$0.32
Elderly:				
Entitlement	\$14.93	\$16.23	\$16.43	+\$0.20
FNS funded	(14.39)	(12.83)	(14.98)	(+2.15)
Free substitute (donated) .	(0.54)	(3.40)	(1.45)	(-1.95)
Bonus (donated)	4.22	4.08	4.14	+0.06
Average per person total commodities	\$19.15	\$20.31	\$20.57	+\$0.26

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

- 1 For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2027, 2029), [~~\$19,050,901,000~~] \$22,149,975,000 of which [~~\$823,513,000~~] \$2,500,000,000 shall be available only to the extent an official budget request, for a specific dollar amount, is transmitted to the Congress: Provided, That funds provided herein shall remain available through September
- 2 30, [~~1991~~] 1992 in accordance with section 18(a) of the Food Stamp Act: Provided further, That up to 5 per centum of the foregoing amount may be placed in reserve to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out program operations: Provided further, That funds provided herein shall be expended in accordance with section 16 of the
- 3 Food Stamp Act [: Provided further, That this appropriation shall be subject to any work registration or work fare requirements as may be required by law: Provided further, That \$345,000,000 of the funds provided herein shall be available only to the extent necessary after the Secretary has employed the regulatory and administrative methods available to him under the law to
- 4 curtail fraud, waste, and abuse in the program: Provided further, That \$974,220,000 of the foregoing amount shall be available for Nutrition Assistance for Puerto Rico as authorized by 7 U.S.C. 2028, of which \$10,825,000 shall be transferred to the Animal and Plant Health Inspection Service for the Cattle Tick Eradication Project].
- 5 For making, after July 31 of the current fiscal year, benefit payments to individuals under the Food Stamp Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.
- 6 For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2027, 2029) for the first quarter of fiscal year 1993, \$4,750,000,000, to remain available through September 30, 1993.

The first change deletes amounts pertaining to 1991 and inserts the appropriation requested and the contingent amount requested for 1992.

The second change makes the appropriation available through September 30, 1992.

The third change deletes provisions previously incorporated in appropriations which are not necessary because program operations must be conducted in accord with applicable law.

The fourth change deletes the provision applicable to Nutrition Assistance for Puerto Rico. Appropriations for this activity will be requested in a separate account.

The fifth change provides for indefinite appropriations after July 31 for unanticipated costs incurred in the current fiscal year.

The sixth change provides for advance appropriations for the first quarter of Fiscal Year 1993.

FOOD STAMP PROGRAM

Appropriations Act, 1991	\$18,076,681,000
Budget Estimate, 1992	<u>19,649,975,000</u>
Increase in Appropriation	<u>+1,573,294,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
<u>Benefits:</u>			
Total, Benefits Costs	\$16,540,171,000	+\$1,496,399,000	\$18,036,570,000
<u>Administrative costs:</u>			
<u>Payments to States</u>			
Subtotal, Payments to States	1,464,928,000	+73,189,000	1,538,117,000
<u>Other program costs:</u>			
Subtotal, Other program costs	<u>71,582,000</u>	<u>+3,706,000</u>	<u>75,288,000</u>
Total, Administrative costs ..	<u>1,536,510,000</u>	<u>+76,895,000</u>	<u>1,613,405,000</u>
Total Available	<u>18,076,681,000</u>	<u>+1,573,294,000</u>	<u>19,649,975,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1990 Actual	1991 Estimated	Increase or Decrease	1992 Estimated
Benefits:				
Correct benefits	\$13,191,146,279	\$15,398,899,000	+1,428,953,000	\$16,827,852,000
Erroneous benefits	992,882,024	1,141,272,000	+67,446,000	1,208,718,000
Total, Benefits costs	14,184,028,303	16,540,171,000	+1,496,399,000(1)	18,036,570,000
Administrative costs:				
State administration	1,139,227,641	1,311,459,000	+69,030,000(2)	1,380,489,000
Employment and Training ...	147,686,332	153,469,000	+4,159,000(3)	157,628,000
Other program costs:				
Printing of stamps	24,093,248	31,100,000	+2,000,000	33,100,000
Shipment of stamps	2,821,807	4,402,000	+323,000	4,725,000
Processing redeemed stamps	14,800,000	18,897,000	+3,103,000	22,000,000
Computer support systems	3,013,352	2,861,000	-2,307,000	554,000
Certification of SSI recipients for food stamps	2,873,700	2,909,000	+119,000	3,028,000
Bank monitoring and redemption system ..	663,126	1,276,000	+52,000	1,328,000
Printing other than stamps	715,100	758,000	+31,000	789,000
Research, evaluation and demonstration projects	7,581,800	9,000,000	+369,000	9,369,000
State exchange projects ..	147,641	179,000	+8,000	187,000
FS litigation and claims ..	34,700	200,000	+8,000	208,000
Subtotal, Other program costs	56,744,474	71,582,000	+3,706,000(4)	75,288,000
Total, Administrative costs ..	1,343,658,447	1,536,510,000	+76,895,000	1,613,405,000
Total, Obligations	15,527,686,750	18,076,681,000	+1,573,294,000	19,649,975,000
Unobligated balances:				
Lapsing	441,902,250	—	—	—
Total, Available	15,969,589,000	18,076,681,000	+1,573,294,000	19,649,975,000

a/ The current estimate for supplemental funds is \$200.0 million. However, due to the uncertainty of participation estimates, as much as \$1.5 billion may be required. The 1991 current estimate also includes \$823 million which was appropriated in the 1991 Rural Development, Agriculture, and Related Agencies Appropriations Act, but is contingent upon an official request submitted by the President. The 1992 budget includes such a request.

b/ Appropriation language has been proposed to provide an additional \$2.5 billion as a contingency reserve to ensure adequate program funding.

EXPLANATION OF PROGRAM

FOOD STAMP PROGRAM

Overview of Program Development. The Food Stamp Program, which is authorized through September 30, 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624 helps individuals and families with low incomes to obtain a more nutritious diet.

The program was initiated on a pilot basis in 1961 and established as a permanent program in 1964. The Food Stamp Program enables low-income households to obtain better diets by augmenting the funds they have to spend on food with food stamps

usable to purchase food items at most food stores. The Food Stamp Program evolved from the commodity distribution to needy families program established in 1936. Commodities purchased for farm assistance purposes were made available for distribution to needy individuals through various Federal, State, and local welfare organizations. In 1961, the basic emphasis of commodity donations changed significantly when an Executive Order expanded the program's objectives from removing surpluses to also encompass raising the quantity and improving the quality of foods distributed. Beginning in that year a food stamp pilot project was undertaken in a number of States which showed that domestic agriculture benefited from the increased purchasing power available to low-income households.

The Food Stamp Act of 1964 authorized a permanent Food Stamp Program which would gradually supplant commodity distribution. The program was implemented in most counties by 1969, although it was not until Fiscal Year 1975 that the Food Stamp Program expanded to all counties nationally.

Legislation

In Fiscal Year 1990, three public laws were approved that affect the program:

- o P.L.101-201, approved December 6, 1989, the Agent Orange Compensation Exclusion Act excluded as income and resources payments made from the Agent Orange Settlement Fund;
- o P.L.101-202, approved December 6, 1989, authorized the food stamp portion of the Minnesota Family Investment Plan;
- o P.L.101-220, approved December 12, 1989, extended the temporary income exclusion for certain housing assistance for the homeless through September 30, 1990.

Although approved after the end of Fiscal Year 1990 (November 28, 1990), P.L. 101-624, the FACT Act, will have significant impact on program operations in Fiscal Year 1991. Its provisions:

- o Added a technical amendment so that elderly and/or disabled or blind residents of Guam and the Virgin Islands have the same opportunity as those in the United States to use food stamps to purchase meals in authorized communal dining facilities, restaurants, or group homes and be exempt from categorical ineligibility as residents of institutions if they reside in group homes.
- o Permitted homeless people to use their food stamps at authorized restaurants which contract with State agencies to offer them meals at concessional (reduced) prices, in addition to soup kitchens and homeless shelters.
- o Expanded categorical eligibility to recipients of certain State and local general assistance payments. The expansion to local general assistance recipients could be implemented up to six months after the expansion to State general assistance recipients.
- o Extended the existing exclusion for educational income used for tuition and mandatory school fees to that used to rent or purchase equipment, materials, and supplies required to pursue a course of study.
- o Extended the exclusion for educational income to that used in vocational education programs and programs that provide for completion of a secondary school diploma or obtaining GEDs.
- o Provided an exclusion for all educational income that is similar to the existing exclusion for benefits provided under Title IV of the Higher Education Act; i.e., excluded educational income to the extent it does not exceed an allowance made available by the institution for books, supplies, transportation, and miscellaneous personal expenses (other than living expenses) incidental to attending the institution.
- o Deleted the distinction between Federal and non-Federal educational income for the purpose of excluding/counting it as a reimbursement.
- o Excluded both cash and vendor-payment annual clothing allowances.

- o Prohibited requiring verification of changes in medical expenses if they have been anticipated.
- o Provided State agencies the option to use retrospective budgeting for nonmonthly-reporting households with certain statutory exceptions.
- o Forgave State agency errors that occurred from their implementation of the Hunger Prevention Act (HPA) of 1988 provision that eliminated the option to use retrospective budgeting for nonmonthly-reporting households or from their failure to implement the HPA provision.
- o Excluded resources a household is unlikely to be able to sell for any significant return.
- o Excluded for AFDC/SSI recipients the same resources that are excluded by AFDC or SSI.
- o Provided for emergency allotments to replace food lost in a disaster.
- o Required adjusting reporting/application requirements consistent with actual conditions in a disaster area.
- o Excluded all transitional housing vendor payments for the homeless except for an amount equal to 50 percent of AFDC's maximum shelter allowance.
- o Excluded State or local general assistance payments that, by State law, are only provided in the form of vendor payments.
- o Prohibited monthly reporting/retrospective budgeting for households that live on Indian reservations.
- o Deleted the requirement that the Department approve State agencies' monthly report forms.
- o Authorized adult members of a household to select the head of household at certification and recertification. No other change in household head designation could be made unless there is a change in household composition.
- o Added literacy training as an Employment and Training (E&T) component.
- o Included self-employment training as an E&T component.
- o Excluded nonliquid resources needed for a self-employment E&T component.
- o Authorized two States to give priority in E&T to volunteers.
- o Changed E&T performance standards implementation date to October 1, 1991 from April 1, 1991.
- o Expanded student eligibility, as follows:
 - Students between 50 and 60 may be eligible.
 - Students assigned to institutions of higher education by E&T, Unemployment Insurance, or a State or local employment and training program determined to be appropriate by the Secretary may be eligible.
 - Students enrolled in institutions of higher education as a result of participation in the Job Opportunities and Basic Skills (JOBS) program may be eligible.
 - Full-time students who are single parents responsible for the care of children under 12 may be eligible.
- o Required staggered issuance throughout the month on Indian reservations.

- o Established Electronic Benefits Transfer (EBT) as an issuance alternative with the following requirements:
 - State agencies must obtain prior approval from the Department.
 - Final regulations must be issued by April 1, 1992.
 - EBT systems must be cost effective—capital expenditures and reasonable start-up costs are pro-rated.
 - Recipient protection (privacy, ease of use, access to and service in retail food stores) must be provided.
 - Other factors that State agencies must cover satisfactorily are: participation by retailers and banks; system security, transaction interchange, reliability, processing speeds, and accountability; operations testing before implementation; and analysis of results in a limited area prior to expansion.
 - If households are required to participate in EBT, State agencies must assure that sufficient retailers participate so that there are stores able to serve minority-language populations, so that their choices among stores are not significantly reduced, and so that the cost of food or transportation to get food is not substantially increased.
 - Where EBT is mandatory, stores with 15 percent or more of their sales in food stamp purchases must have special EBT equipment in operation in all check-out lines. For stores with less than 15 percent food stamp sales, the requirements will be set by the Department.
- o Permitted the Department to continue to conduct EBT demonstration projects.
- o Required annual adjustments on October 1 in the \$10 minimum benefit based on changes in the Thrifty Food Plan for the 12-month period ending the previous June 30 rounded to the nearest \$5.
- o Authorized the Department to approve up to 2 State agencies' issuing, at the household's option, combined allotments for up to 3 months benefits for households whose regular monthly allotments are \$20 or less.
- o Made optional the provision that had required State agencies to issue a combined allotment representing the first (pro-rated) and second months' allotments to households that applied after the 15th of a month.
- o Required that households entitled to expedited service who apply after the 15th of a month must get their first (pro-rated) and second months' allotments according to expedited service processing timeframes.
- o Authorized the Secretary to issue regulations providing for periodic reauthorization of retailers and wholesalers.
- o Prohibited authorization of retail food stores which are co-located wholesale-retail food concerns, unless: 1) the firm does a substantial retail food business or 2) the Department determines that failure to authorize such a firm as a retail food store would cause hardship to food stamp households.
- o Amended the Social Security Act to permit the Department to require each applicant retailer/wholesaler to furnish the Social Security Number (SSN) of each individual who is an owner or officer. In addition:
 - Limited use of SSNs to determining whether applicants have been previously sanctioned or convicted under Sections 12 and 15 of the Act (Civil money penalties/disqualifications and violations/enforcement provisions).
 - Required the Department to restrict access to SSNs to the satisfaction of the Secretary of DHHS and provide proper safeguards against unauthorized disclosure.

- o Amended the Internal Revenue Code to permit the Department to require each applicant retailer/wholesaler to furnish the employer identification number (EIN) assigned to the store. In addition:
 - Restricted use of EINs as for SSNs.
 - Restricted access as for SSNs, except that the Secretary of the Treasury must be satisfied with the restrictions.
- o Required that explanations to applicants about filing rights, expedited service requirements, and provision of benefits from the date of application must be on or near the front cover.
- o Provided that one adult representative of the household may make all necessary certifications at application for the household.
- o Required the use of standard estimates of shelter expenses, unless the household verifies higher expenses, for homeless households that do not have free shelter.
- o Authorized the Department to preclude the use of estimates for homeless households with extremely low shelter costs.
- o Required that State agencies designate rural areas and use mail issuance within those areas unless mail losses of the household or the area exceed tolerances.
- o Authorized the Secretary to assign nutrition education of eligible households to the Cooperative Extension Service.
- o Required that general assistance and FSP applications be combined if there is a single State-wide application for the general assistance program.
- o Required that FSP applications and information be provided to applicants for local general assistance programs that are administered by the same agency that administers the FSP.
- o Extended the current requirement that individual Social Security applicants/recipients be informed about food stamp benefits and the availability of a simple food stamp application at Social Security offices to individual SSI applicants/recipients. This provision is in addition to the current requirement in the Act that SSI applicants and recipients who are or will be in pure SSI households must be assisted in completing FSP applications in Social Security offices and be certified based on information in Social Security files.
- o Required that GAO audit and report to Congress by December 31, 1991 on Social Security and SSI joint processing provisions.
- o Permitted imposition of a civil money penalty (CMP) of \$20,000 for each violation (not to exceed \$40,000 during a 2-year period) in lieu of disqualification for food stamp trafficking.
- o Added evidence that ownership/management did not know of, approve, benefit from, or participate in violations to the criteria for establishing that firms have an effective policy and program in effect to prevent violations of the Act and regulations (criteria for imposing CMPs in lieu of disqualifications).
- o Provided for permanent disqualification of firms found to have sold firearms, ammunition, explosives, or controlled substances for food stamps. Permitted imposition of CMPs in lieu of disqualification.
- o Permitted imposition of fines, in amounts established by the Department, against firms that accept food stamps that are not accompanied by the corresponding book cover, other than the denomination used for making change.
- o Permitted imposition of fines (in amounts established by the Department) against any person, not approved by the Secretary to accept and redeem food stamps, who violates any provision of the Act or regulations, including violations concerning the sale of ineligible items for food stamps.
- o Required that a household disqualified for intentional program violations (IPVs) must choose the repayment method on the date a notice demanding such a choice is received.

- o Extended criminal penalties for food stamp abuse to computer access devices.
- o Imposed a \$250,000 fine or 20 years imprisonment against individuals who knowingly use, transfer, acquire, alter or possess food stamps or authorization cards in any unauthorized manner if such coupons or authorization cards are of a value of \$5,000 or more. Retained current penalties if value is \$100 or more but less than \$5,000.
- o Increased fines for felony trafficking from \$10,000 to \$20,000.
- o Reduced the percentage of recovered overissuances that may be retained by State agencies to 25 percent of fraud/intentional program violation recoveries and 10 percent of unintentional household error recoveries for Fiscal Years 1991-95.
- o Barred further collection of most Quality Control sanctions for Fiscal Years 1983-85.
- o Reduced enhanced automated data processing (ADP) funding from 75 to 63 percent beginning in Fiscal Year 1992 for systems approved subsequent to enactment.
- o Provided \$75 million annually to be allocated among State agencies for E&T, as follows:
 - \$15 million is to be allocated in each of Fiscal Years 1992-95 based on State agency performance.
 - \$60 million is to be allocated for Fiscal Year 1992 based on the formula used in Fiscal Year 1991 with certain adjustments related to the proportion of work registrants.
 - For Fiscal Years 1993-95, \$60 million is to be allocated based on each State agency's proportion of work registrants.
 - Guaranteed each State at least \$50,000 each Fiscal Year.
- o Extended SSI/elderly cash-out projects through Fiscal Year 1995.
- o Prohibited approval of demonstration projects in which benefits are issued in a form other than coupons subsequent to enactment unless:
 - allotments are increased to the extent necessary to compensate for State or local sales tax or the tax on food is waived for such households or the Secretary determines that increases are unnecessary because of the limited nature of items taxed, and
 - the State pays the cost of the increased allotments.
- o Authorized the Secretary to conduct demonstration projects to test improved consistency or coordination between the Food Stamp E&T program and JOBS by waiving E&T requirements.
- o Authorized demonstration projects evaluating the effects, in both rural and urban areas, of the \$4,500 fair market value limit for licensed vehicles excluded as resources while also excluding vehicles used to produce earned income, to transport an elderly or disabled household member, or as a household's home, and one other licensed vehicle used for employment-related purposes or to get food stamps or use them to buy food.
- o Authorized four demonstration projects, in both urban and rural areas, in which pure AFDC households may be issued food stamp allotments following AFDC rules.
 - Required the Secretary to submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry evaluating the results of a project within 6 months of terminating it.
- o Subject to appropriations, mandated the Secretary to make grants, totaling as much as \$5 million in each of Fiscal Years 1992-95, to public or private nonprofit organizations to fund food stamp outreach demonstration projects and

related evaluations to increase participation by eligible low-income households in the Food Stamp Program.

- o Authorized appropriation of such sums as are necessary for each of Fiscal Years 1991-95.
- o Continued the requirement for "15th of the month" reports for the purpose of determining whether supplemental appropriations will be needed.
- o Retained procedures for reducing allotments in the event appropriations will not be sufficient.
- o Authorized the Department to use not more than \$2 million of FSP demonstration project funding in any fiscal year to make 2-year competitive grants to enhance interagency cooperation in nutrition education activities, and develop cost-effective ways to inform people eligible for the FSP about nutrition, resource management, and community nutrition education programs.
- o Mandated a review of regulations and standards in effect on the date of enactment for the approval of ADP and information retrieval systems maintained by States to determine the extent to which the regulations and standards contribute to more effective and efficient systems. Required that:
 - the Department revise regulations to take into account the above review;
 - States incorporate all or part of systems in use elsewhere unless they can document that the design and operation of an alternate system would be less costly;
 - the Department establish standards to define the extent of modifications of the systems for which Federal payments shall be made;
 - proposed systems meet the Department's standards for timely implementation of proper changes;
 - criteria for the approval of a system for payments include the cost effectiveness of the proposed system.
- o Required the Department to conduct reviews as are necessary to ensure that systems comply with conditions of initial funding approvals and adequately support program delivery.
- o Required the Department, subsequent to the initial ADP review, to establish standards for approval of systems.
- o Required States to implement standards within a reasonable period of time established by the Department.
- o Required the Department to conduct periodic reviews of systems to ensure compliance with the standards.
- o Required the Department to report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on the extent to which States have developed and are operating effective systems that support FSP delivery.
- o Established a Welfare Simplification and Coordination Advisory Committee that will:
 - have 7-11 members appointed by the Secretary of Agriculture;
 - identify policies in the FSP, cash and medical programs under the Social Security Act, and housing programs that differ and, thus, make it difficult to administer such programs or to apply for and receive benefits from more than one of the programs;
 - recommend common policies; and
 - report to Congress and the Secretaries of USDA, Department of Health and Human Services, and Housing and Urban Development by July 1, 1993.

- o Made most provisions effective the first of the month 120 days after publication of regulations but not later than February 1, 1992; some other provisions are effective the first day of the month 120 days after the publication of regulations but not later than August 1, 1991 or August 1, 1992; others are effective upon enactment or retroactive to October 1, 1990.

Eligibility and Benefits. Eligible participants are entitled to food stamp allotments based on their household size and net income after certain deductions. Food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance.

Benefit Costs. The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands and Guam. The cost of food stamps is paid by the Federal Government and is called "benefit" costs. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the Thrifty Food Plan. The last revision was made on October 1, 1990. The maximum benefit in Fiscal Year 1991 for a family of four is 103 percent of the value of the Thrifty Food Plan or \$352. In Fiscal Year 1991 the overpayment error rate is expected to be 6.9 percent of total benefit costs. It is anticipated that this rate will decline to 6.7 percent in Fiscal Year 1992. In Fiscal Year 1991, an average of 21.8 million persons are expected to participate in the program monthly and receive stamps worth an average of \$63.52 per person per month to supplement their existing income for the purchase of food.

State Administration. All direct and indirect administrative costs incurred for certification of households, issuance of food stamps, quality control and fair hearing efforts are shared by the Federal Government and the States on a 50-50 basis. Enhanced Federal funding at the 75 percent level is available for ADP development cost incurred by State agencies through the end of Fiscal Year 1991. Beginning in Fiscal Year 1992 newly approved system developments will be supported by Federal funding of 63 percent. State agencies can also receive 75 percent funding for fraud prevention related activities. For States with low error rates, the normal 50 percent Federal share of State administrative costs can be increased up to a maximum of 60 percent, depending on the extent to which the State's error rate falls below 6 percent. In order to receive this incentive funding, States must also meet a standard set by the Secretary for the rate of improper denials or terminations. State agencies are held liable when their rate of overissuances and payments to ineligible households plus their rate for underissuance exceeds the lowest ever achieved national error rate average plus one percent. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds a tolerance level.

Employment and Training Program. States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. In Fiscal Year 1991, the Department will provide States 100 percent Federal grants totaling \$75 million, of which \$15 million will be based on State agency performance in placing participants into E&T programs. Additional funds will be spent by State agencies and matched by the Federal government to administer E&T programs.

Other Program Costs. In addition to State administrative and employment and training expenses, other program costs borne by the Federal Government include:

- (1) the printing and transporting of food stamps to State agencies;
- (2) processing and destruction of redeemed food stamps by Federal Reserve Banks;
- (3) the computer support systems;
- (4) the cost of certifying SSI/Social Security recipients for participation in the Food Stamp Program by the district offices of the Social Security Administration;
- (5) the bank monitoring/redemption system;

- (6) printed materials other than food stamps to help families living in poverty or near poverty to achieve adequate diets;
- (7) the cost of research, evaluation and demonstration projects authorized under Section 17 of the Food Stamp Act of 1977;
- (8) the sharing of information between State agencies through State exchange funds; and
- (9) the cost of expediting the litigation claims arising from the quality control system and collecting claims.

State/Federal Responsibilities. The Food Stamp Program is a Federal-State partnership in which the States administer the program at the service delivery level. Households apply for food stamps at their local State welfare offices. State workers use uniform nationwide rules promulgated by the Food and Nutrition Service (FNS) to determine and certify which households are eligible, to calculate the size of each household's allotment, and to monitor and recertify recipient eligibility. Food stamps are typically dispensed on a monthly basis through local banks or the mail. In Fiscal Year 1991 States will receive \$1.3 billion in Federal funds to defray State administrative costs.

Each State must have an Employment and Training (E&T) program to help able-bodied individuals in food stamp households gain skills and experience that will help them obtain regular employment.

The Quality Control System encourages payment accuracy by establishing fiscal incentives based on State performance in benefit determinations. State agencies with high error rates are assessed liabilities, while enhanced administrative funding is provided to States with low error rates.

FNS funds 100 percent of the cost of food stamps redeemed. FNS also funds over 50 percent of State administrative costs for the program. FNS is responsible for authorizing and monitoring stores participating in the program. Approximately 217,000 stores are authorized to redeem food stamps. After recipients use their food stamps to purchase food at stores, the stores redeem the food stamps at banks. The banks, in turn, redeem the food stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the FNS appropriation directly from the U.S. Treasury. FNS also monitors the redemption process on an ongoing basis.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$1,496,399,000 in the appropriation for Benefit Costs, including the effects of the FACT Act (\$16,540,171,000 available in 1991) consisting of:
 - (a) An increase of \$1,428,953,000 for properly issued benefits (\$15,398,899,000 available in 1991).

Need for Change. For Fiscal Year 1992, the scheduled increase in the value of the Thrifty Food Plan (TFP), as well as maintaining the maximum benefit level at 103.00 percent of the TFP, will result in an increase in benefits for all households. Program participation is expected to increase from 21.8 million in Fiscal Year 1991 to 22.4 million in Fiscal Year 1992. In addition, the President's Budget requests a reserve appropriation of \$2.5 billion to be used if unforeseen economic circumstances cause an increase in required program payments.

Nature of Change. A comparison of key program workload and cost indicators for Fiscal Years 1990 through 1992 is presented below:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Average participation (000)	20,038	21,775	22,368
Average unemployment rate (percent)	5.40	6.60	6.70
Thrifty Food Plan (maximum allotment)	\$331.00	\$352.00	\$370.00
Average benefit per person per month	\$59.01	\$63.52	\$67.21

Current estimates of program participation and average benefit costs indicate the need for supplemental appropriations in Fiscal Year 1991.

- (b) An increase of \$67,446,000 for erroneous benefits (\$1,141,272,000 available in 1991).

Need for change. The error rate, which will be applied to a higher base level each year as a result of increases in the maximum benefit value, is projected to decline from 6.9 percent in Fiscal Year 1991 to 6.7 percent in Fiscal Year 1992.

Nature of change. A comparison of error rates and erroneous benefits follows:

	FY 1990 <u>Actual</u>	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>
Amount of erroneous benefits (\$ millions)	\$993	\$1,141	\$1,209
Error rate	.070	.069	.067

- (2) An increase of \$69,030,000 in the appropriation for State Administrative Costs, including the effects of the FACT Act (\$1,311,459,000 available in 1991).

Need for Change. Based on the most recent economic projections, moderate rates of inflation between 1991 and 1992 are expected to increase the cost of providing food stamp benefits.

Nature of Change. This increase reflects the application of a projected rate of inflation of 5.34 percent to the Fiscal Year 1991 base level for costs shared by State and local agencies and the Federal Government. The increase also includes an additional \$10 million budgeted for incentive payments to States.

- (3) An increase of \$4,159,000 in the appropriation for the Employment and Training Program (\$153,469,000 available in 1991).

Need for Change. The increase is necessary to provide for the matching funds for participant reimbursements and State administrative costs to carry out the Employment and Training Program.

Nature of Change. Public Law 99-195 mandates the Secretary to allocate funds among the States to carry out the Employment and Training Program. This level of funding will enable the Department to provide States \$75 million authorized for 100 percent federally funded grants, additional matching funds for participant reimbursement and matching for additional State administrative costs to assist them in providing employment and training services.

- (4) A net increase of \$3,706,000 in the appropriation for Other Program Costs, including the effects of the FACT Act (\$71,582,000 available in Fiscal Year 1991), consisting of:

- (a) An increase of \$2,000,000 in the appropriation for the printing of stamps (\$31,100,000 available in Fiscal Year 1991). Increased benefit costs in Fiscal Year 1991 result in the need for additional printing funds in Fiscal Year 1991.
- (b) An increase of \$323,000 in the appropriation for the shipping of stamps (\$4,402,000 available in Fiscal Year 1991).
- (c) A increase of \$3,103,000 in the appropriation for the processing of redeemed stamps (\$18,897,000 available in Fiscal Year 1991).
- (d) A decrease of \$2,307,000 in the appropriation for the cost of computer support systems (\$2,861,000 available in Fiscal Year 1991). This decrease reflects the completion of developmental efforts to improve program automated systems.
- (e) An increase of \$119,000 in the appropriation for the cost of certification of Supplemental Security Income recipients for food stamps (\$2,909,000 available in Fiscal Year 1991).

- (f) An increase of \$52,000 in the appropriation for the cost of printing redemption certificates and the bank monitoring system (\$1,276,000 available in Fiscal Year 1991).
- (g) An increase of \$31,000 in the appropriation for printing other than stamps (\$758,000 available in Fiscal Year 1991).
- (h) An increase of \$369,000 in the appropriation for research, evaluation and demonstration projects (\$9,000,000 available in Fiscal Year 1991).
- (i) An increase of \$7,000 in the appropriation for State exchange projects (\$179,000 available in Fiscal Year 1991).
- (j) An increase of \$8,000 in the appropriation for Food Stamp Program litigation costs and collection of claims (\$200,000 available in Fiscal Year 1991).

Need for Change. Increases in other program costs are attributed to the rates of inflation projected between 1991 and 1992.

FOOD STAMP PROGRAM Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Child Support Enforcement: This proposal would require that food stamp households cooperate with the State Child Support Enforcement Agency in establishing and/or enforcing a support award. The requirement would only apply to food stamp households containing children in which a parent is absent. The proposal would be phased in at State option until fully implemented in Fiscal Year 1994. Custodial parents must cooperate to be considered eligible to participate in the Food Stamp Program; their dependent children would be eligible whether or not the custodial parent cooperates. Child support collected and forwarded to the household would be treated as income in determining eligibility and the amount of food stamps to be provided. Although food stamp benefits are reduced by child support payments, children are still better off under this change; for each additional dollar in support payments to the family, food stamp benefits decrease by about 30 cents, resulting in a net increase of 70 cents. In addition, children may also benefit from health insurance provided by the absent parent that they might not otherwise obtain.

Due to the almost one-year lag between initial cooperation and first receipt of child support payments, this proposal would result in zero savings in Fiscal Year 1992, but would increase family income enough to save \$10 million in food stamp costs in Fiscal Year 1993, \$20 million in Fiscal Year 1994, and \$30 million in both Fiscal Years 1995 and 1996.

Claims Retention Rates: This proposal permanently retains the FACT Act provision that established a 10 percent State retention rate for collecting overpayments that resulted from inadvertent household error. The proposed change affects only Fiscal Year 1996 program costs since under current law the FACT Act provision ends September 30, 1995. Without further legislation the retention rate returns to 25 percent, whereas this proposal permanently sets it at 10 percent. The proposal would save \$4 million in Fiscal Year 1996.



FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Nutrition Assistance for Puerto Rico:

For monthly payments to the Commonwealth of Puerto Rico for nutrition assistance, as authorized by 7 U.S.C. 2028, \$1,013,000,000, of which not to exceed \$10,825,000 is available for Cattle Tick Eradication Project.

This change provides a separate appropriation for Nutrition Assistance for Puerto Rico. Comparable language was deleted from the appropriation for the Food Stamp Program.

NUTRITION ASSISTANCE FOR PUERTO RICO

Appropriations Act, 1991	\$ 974,220,000
Budget Estimate, 1992	<u>1,013,000,000</u>
Increase in Appropriation	<u>+38,780,000</u>

Adjustments in 1991:

Appropriation Act, 1991	\$974,220,000	
Less Transfer to Animal and Plant Health Inspection Service	<u>-10,825,000</u>	
Adjusted base for 1991		963,395,000
Budget Estimate, 1992		<u>1,013,000,000</u>
Increase over adjusted 1991		<u>+49,605,000</u>

SUMMARY OF INCREASES

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Nutrition Assistance for Puerto Rico			
Total Available	<u>\$ 963,395,000</u>	<u>+\$49,605,000</u>	<u>\$1,013,000,000</u>

PROJECT STATEMENT - CURRENT LAW

(On basis of adjusted appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase or Decrease</u>	<u>1992 Estimated</u>
Nutrition Assistance for Puerto Rico	\$936,750,000	\$974,220,000	+\$38,780,000	\$1,013,000,000
Transfer to: Animal and Plant Health Inspection Service	—	-10,825,000	+10,825,000	-0-
Total Appropriation	\$936,750,000	\$963,395,000	+\$49,605,000	\$1,013,000,000

1/ Includes \$9,977,000 in 1990 and \$10,825,000 in 1991 for cattle tick eradication within available funds.

EXPLANATION OF PROGRAM

Overview of Program Development. Authorized by section 116(a) of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), a grant for nutrition assistance to Puerto Rico was implemented July 1, 1982. The Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, enacted November 28, 1990, reauthorized appropriations through Fiscal Year 1995.

Legislation

The FACT Act of 1990, affected the program as follows:

- o Provided Nutrition Assistance for Puerto Rico block grant funding in the amounts of \$974.2 million for Fiscal Year 1991, \$1,013 million for Fiscal Year 1992, \$1,051 million for Fiscal Year 1993, \$1,091 million for Fiscal Year 1994, and \$1,133 million for Fiscal Year 1995.
- o Mandated a GAO study of the nutritional needs of Puerto Ricans. Required a

report to be submitted to the appropriate House and Senate Committees by August 1, 1992.

Eligibility. This grant, which replaced the Food Stamp Program in Puerto Rico, gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. In Fiscal Year 1991, Puerto Rico will continue its system of providing cash benefits to households which meet eligibility standards of the Nutrition Assistance Program. These eligibility standards are similar to those of the Food Stamp Program.

Benefits. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico. One project related to cattle tick eradication was funded during Fiscal Year 1990 and it will continue to be funded during Fiscal Year 1991 with funds transferred to the Animal and Plant Health Inspection Service.

State/Federal Responsibilities. The Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food and Nutrition Service provides a grant award to the Commonwealth to operate the Program in accordance with its approved plan. The grant is intended to cover 100 percent of the cost of program benefits, 50 percent of the cost of administrative expenses and support for approved special projects.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$49,605,000 in the appropriation for Nutrition Assistance for Puerto Rico (\$963,395,000 available in 1991).

Need for change. This request reflects the authorization level provided in the FACT Act. Of the total amount requested, \$10,825,000 will be available for continuation of the Cattle Tick Eradication Project.

Nature of change. This level will permit the continuation of the Nutrition Assistance Program in a manner consistent with prior years.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Donations Programs for Selected Groups:

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013), and section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), [\$228,138,000] \$233,019,000.

For necessary expenses to carry out section 110 of the Hunger Prevention Act of 1988, \$32,000,000.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations Act, 1991	\$260,138,000
Budget Estimate, 1992	<u>265,019,000</u>
Increase in Appropriation	<u>+4,881,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Food Distribution Program on Indian Reservations:	\$78,241,000	+\$3,286,000	\$81,527,000
Nutrition Program for the Elderly.....	149,897,000	+1,595,000	151,492,000
Commodities for Soup Kitchens	<u>32,000,000</u>	<u>—</u>	<u>32,000,000</u>
Total Available.....	<u>260,138,000</u>	<u>+4,881,000</u>	<u>265,019,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1990 Actual</u>	<u>1991 Estimated</u>	<u>Increase</u>	<u>1992 Estimated</u>
1. Food Distribution Program on Indian Reservations:				
Commodities in lieu of food stamps	\$44,442,277	\$61,505,000	+\$2,366,000	\$63,871,000
Payments to distributing agencies for administration	15,618,600	16,736,000	+920,000	17,656,000
Subtotal, Food Distribution: Program on Indian Reservations.....	60,060,877	78,241,000	+3,286,000(1)	81,527,000
2. Nutrition Program for the Elderly:				
Commodities	9,327,000	9,812,000	+106,000	9,918,000
Cash in Lieu of commodities	134,052,099	140,085,000	+1,489,000	141,574,000
Subtotal, Nutrition Program: for the Elderly	143,379,099	149,897,000	+1,595,000(2)	151,492,000
3. Commodities for Soup Kitchens	39,440,000	32,000,000	— (3)	32,000,000
Total Obligations	242,879,976	260,138,000	+4,881,000	265,019,000
Unobligated balances				
Lapsing	182,024	—	—	—
Total, Appropriation	243,062,000	260,138,000	+4,881,000	265,019,000

EXPLANATION OF PROGRAM

Food Donations Programs for Selected Groups includes funds for: the Food Distribution Program on Indian Reservations (FDPIR); the continuation of food assistance to the Republic of Palau; the Nutrition Program for the Elderly; and, commodity purchases for soup kitchens and food banks authorized by the Hunger Prevention Act of 1988 (Public Law 100-435).

Food Distribution Program on Indian Reservations (FDPIR).

Overview of Program Development. The Food Stamp Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Pacific Islands. FDPIR was provided as an

alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program was not available or where food stores were inconveniently located. The Act requires that a food distribution program be established on an Indian reservation if an Indian Tribal Organization (ITO) requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. P.L. 97-98 authorized low-income Indian households residing in Oklahoma to participate in the program. The Program has been reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624.

The Compact of Free Association Act of 1985 (P.L. 99-239) as amended by the Palau Compact of Free Association Act (P.L. 99-658) terminated the Trusteeship Agreement with the Federated States of Micronesia and the Marshall Islands and established them as Freely Associated States. For transition purposes, food assistance continued through Fiscal Year 1989 but at reduced levels, except in the nuclear affected zones of Bikini and Enewetak, as prescribed by these laws. Food assistance for Palau will continue at normal levels until a compact is in effect for that area.

Eligibility and Benefits. Household eligibility for FDIPIR is determined by income and resources in a manner similar to that used for Food Stamp Program eligibility. Recipients must reside on or near a participating reservation, or reside in Oklahoma. In areas where both FDIPIR and Food Stamps are available, no household may participate simultaneously in both programs, although they may switch from one program to the other.

In Fiscal Year 1991 participation in the Food Distribution Program on Indian Reservations is expected to average about 143 thousand persons per month. It is estimated that 2,875 residents of the Pacific Islands will receive food assistance each month in Fiscal Year 1991.

The foods made available to the distributing agencies include canned meats and fish, fruit, vegetables and juice, flour, rice, pasta, cornmeal, dairy products, honey, cereal, oil and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation (CCC) donates them for use in this program. In Fiscal Year 1991 the value of the food package distributed on Indian reservations will average about \$37.95 per person per month, including \$2.97 worth of commodities donated by CCC.

State/Federal Responsibilities. The FDIPIR is operated through a partnership between State distributing agencies or Indian tribal organizations and the Food and Nutrition Service. The grantee agency is responsible for certifying recipient eligibility, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity.

The Federal Government pays 100 percent of the cost of commodities distributed through the program. In addition, cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. In Fiscal Year 1991, the Federal Government expects to pay about 80 percent of distributing agencies' administrative expenses. Included among these costs are local warehousing and transportation of commodities, utilities, salaries and equipment.

Nutrition Program for the Elderly.

Overview of Program Development. Food assistance for the Nutrition Program for the Elderly is authorized by Titles III and VI of the Older Americans Act of 1965. The Older Americans Act Amendments of 1987 (P.L. 100-175) reauthorized the program through Fiscal Year 1991. The cash and commodities provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

The Nutrition Program for the Elderly is administered by the U.S. Department of Health and Human Services (DHHS). USDA supplements DHHS programs for the elderly with commodities and/or cash in lieu of commodities for meals served under the provisions of Title III, section 311(a), Grants for State and Community Programs on Aging, and Title VI, Grants for Indian Tribes, of the Older Americans Act of 1965 (OAA), as amended.

Eligibility and Benefits. Commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. P.L. 100-175 set the rate at 56.76 cents per meal through Fiscal Year 1991. Some States elect to take all of their subsidies in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the Nutrition Program for the Elderly are generally the same as those provided to schools under the Child Nutrition Programs. In addition to the 56.76 cent per meal entitlement, States or Indian tribes which elect 20 percent of their benefits in commodities are eligible to receive such bonus commodities as USDA can make available.

Although originally a program to distribute nutritious USDA purchased commodities to senior citizen meal sites, the program has evolved primarily into a cash subsidy program. Approximately 94 percent of program resources are distributed to meal providers in cash.

The amount available for Fiscal Year 1991 will support 264 million meals at a reimbursement rate of 56.76 cents per meal.

State/Federal Responsibilities. State Agencies on Aging designate area Agencies on Aging to plan and coordinate the program through local outlets. The State Agencies on Aging and Indian tribal agencies request USDA-donated foods, cash in lieu of foods, or a combination of both to use in providing meals to the elderly at various sites. State agencies on aging and Indian Tribal organizations that receive commodities obtain them primarily from the State distributing agency that provides USDA foods to schools for the National School Lunch Program.

Commodity Purchases for Soup Kitchens.

Overview of Program Development. USDA has provided surplus commodities to soup kitchens and food banks in the past. The Hunger Prevention Act of 1988 mandates the purchase and distribution of \$32 million worth of commodities to soup kitchens and food banks in Fiscal Year 1991. In addition, P.L. 101-624 authorizes appropriations for Fiscal Years 1992-1995 for this purpose.

Eligibility. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities (soup kitchens). In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks.

Benefit. USDA provides commodities to States for local distribution to soup kitchens and food banks. USDA anticipates the purchase in Fiscal Year 1991 of the following commodities for these outlets: dry beans, nonfat dry milk, and the following canned foods: peaches, pears, apricots, applesauce, apple juice, corn, green beans, and pork or beef.

State/Federal Responsibilities. Within the States, distribution to soup kitchens and food banks and payments for storage and distribution are the responsibility of State Distributing Agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by soup kitchens and food banks and managing the distribution of commodities to local organizations. States are also responsible for ensuring that soup kitchens and food banks comply with all Federal program regulations and requirements. In addition, States are responsible for allocating administrative funds received under The Emergency Food Assistance Program to TEFAP emergency feeding organizations, soup kitchens and food banks.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$3,286,000 in the appropriation for the Food Distribution Program on Indian Reservations and in the Pacific Islands (\$78,241,000 available in 1991) consisting of:
 - (a) An increase of \$2,366,000 for commodities in lieu of food stamps (\$61,505,000 available in Fiscal Year 1991).

Need for Change. The increase reflects higher anticipated food costs. Increases in food costs include funds to purchase commodities which were donated from surplus supplies in prior years. In addition, the increase reflects the cost of improvements to the basic food package.

Nature of Change. Funds requested will allow the average monthly participation in the Food Distribution Program on Indian Reservations to be maintained at the 1991 level.

- (b) An increase of \$920,000 for State administrative expenses (\$16,736,000 available in Fiscal Year 1991).

Need for Change. The funding level for State administrative expenses is based on prior operations including an adjustment for inflation. The annualization of costs associated with new tribes which entered the program during Fiscal Year 1991 increases the total funding required.

Nature of Change. An appropriation of \$17,656,000 will be needed for administrative expenses in Fiscal Year 1992.

Food Distribution Program

	FY 1990	FY 1991	FY 1992	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Average monthly participation	138,000	143,000	143,000	—
Average monthly food package:				
FNS purchased	\$26.08	\$34.98	\$36.60	+\$1.62
CCC bonus commodities	<u>4.98</u>	<u>2.97</u>	<u>3.01</u>	<u>+\$.04</u>
Total monthly food package	\$31.06	\$37.95	\$39.61	+\$1.66
Annual value of				
FNS purchased				
commodities	\$43,180,277	\$60,026,000	\$62,810,000	\$2,784,000
Indian Administration Cost	15,618,600	16,736,000	17,656,000	+920,000
Pacific Islands	1,010,000	979,000	561,000	-418,000
Disaster Feeding	<u>252,000</u>	<u>500,000</u>	<u>500,000</u>	<u>—</u>
TOTAL FNS COST	\$60,060,877	\$78,241,000	\$81,527,000	3,286,000
CCC bonus commodities	<u>8,245,000</u>	<u>5,095,000</u>	<u>5,166,000</u>	<u>71,000</u>
GRAND TOTAL	<u>\$68,305,877</u>	<u>\$83,336,000</u>	<u>\$86,693,000</u>	<u>+\$3,357,000</u>

- (2) An increase of \$1,595,000 in the appropriation for the Nutrition Program for the Elderly (\$149,897,000 available in 1991).

Need for Change. The increase would allow an increase in the number of meals served. The rate of reimbursement will not change.

Nature of Change. Increased funding will support anticipated program growth.

	FY 1990	FY 1991	FY 1992
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Meals served (millions)	245	264	267
Rate per meal (cents)	56.76	56.76	56.76

- (3) No change in the appropriation for Commodities for Soup Kitchens.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[Temporary] Emergency Food Assistance Program:

- 1 For necessary expenses to carry out the [Temporary] Emergency Food Assistance Act of 1983, as amended, [\$50,000,000] an amount determined by the Secretary which shall be not less than ten percent of the value of excess commodities made available through The Emergency Food Assistance Program, up to a maximum of \$27,000,000: Provided, That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess commodities.
- 2 For purchases of commodities to carry out the [Temporary] Emergency Food Assistance Act of 1983, as amended [by section 104 of the Hunger Prevention Act of 1988], \$120,000,000.

The first change provides a level of administrative funding more proportionate to the commodities distributed.

The second change deletes obsolete references.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Appropriations Act, 1991	\$170,000,000
Budget Estimate, 1992	<u>147,000,000</u>
Change in Appropriation	<u>-23,000,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Program Change</u>	<u>1992 Estimated</u>
The Emergency Food Assistance Program			
Total Available	<u>\$170,000,000</u>	<u>-\$23,000,000</u>	<u>\$147,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>: 1990 Actual</u>	<u>: 1991 Estimated</u>	<u>: Change</u>	<u>: 1992 Estimated</u>
Administrative Costs	\$ 49,822,000	\$ 50,000,000	-\$23,000,000	\$ 27,000,000
Commodity Procurement	119,573,000	120,000,000	0	120,000,000
The Emergency Food Assistance Program	169,395,000	170,000,000	-23,000,000	147,000,000

EXPLANATION OF PROGRAM

Overview of Program Development. The Emergency Food Assistance Program (TEFAP) evolved from the Special Dairy Distribution Program which began December 11, 1981, with the release of 30 million pounds of cheese. The program has the dual goal of reducing the government held commodity surpluses and providing emergency food assistance to low-income individuals and households. TEFAP was formally authorized in 1983 by Section 204 of Public Law 98-8 including the provision of funds to State and local agencies to share some of the cost of intrastate distribution of the commodities.

Public Law 98-92 appropriated funds for Fiscal Year 1983 and authorized funds through Fiscal Year 1985 for costs of storage and intrastate distribution of CCC commodities donated to needy individuals by States. Public Law 100-77 authorized funds through Fiscal Year 1988 for this purpose.

For Fiscal Years 1989 and 1990, the Hunger Prevention Act of 1988 authorized \$50 million for continued support of State administrative activities and \$120 million for the purchase and distribution of additional commodities that are high in nutrient content, as well as safely and easily stored and used. The purchased commodities are in addition to commodities that can be made available from USDA inventories. These activities were reauthorized by the FACT Act of 1990, P.L. 101-624. Specific authorizations for appropriation of funds for commodity purchases were included for Fiscal Years 1991-1995.

Eligibility. Commodities are distributed to the States which, in turn, provide them to low-income and unemployed persons, according to income-based eligibility criteria set by the States. States are allocated commodities based on a formula which considers the number of persons in each State below the poverty level (60 percent) and the number of persons unemployed (40 percent).

Benefit. USDA provides commodities and cash subsidies for State and local expenses incurred for storage and distribution of USDA donated commodities. USDA will distribute butter, flour, honey and cornmeal in Fiscal Year 1991. In addition, funds have been provided by direct appropriation so that USDA may also purchase foods high in nutrient density specifically for distribution via TEFAP. The additional foods USDA plans to purchase in Fiscal Year 1991 are canned applesauce, canned green beans, canned vegetarian beans, canned pears, raisins, canned pork/beef, cheese, and rice.

In Fiscal Year 1991, a total of \$50 million in administrative funds were distributed by the Food and Nutrition Service (FNS) to States through grants. Allocation of the funds to States is based on the same formula used to allocate commodities to States. This formula is based on the number of persons in each State below the poverty level and the number of unemployed persons.

State/Federal Responsibilities. The Emergency Food Assistance Program operates as a Federal/State partnership under agreements entered into between FNS and State Agencies. Once the foods are made available to States, the overall organization and administration of the program become the responsibilities of State agencies. Each State is responsible for selecting emergency feeding organizations to distribute the commodities and for determining the eligibility of persons to participate. The frequency of the distributions, as well as the quantities of commodities to be distributed to local areas, are also determined by each State distributing agency.

State administrative costs are subsidized by the Federal government. However, States must pass down at least 40 percent of their administrative funding to local organizations. State distributing agency costs include contracted services such as warehousing and delivery of commodities.

State distributing agencies coordinate the activities of emergency feeding organizations, which in turn serve distribution sites nationwide. Typical distribution sites include churches and community action agencies; many sites have other principal purposes unrelated to food distribution. They are staffed largely by volunteers.

The Federal government pays 100 percent of the costs of surplus commodities donated to States, plus the cost of purchased commodities and provides grants of administrative funds. USDA also pays for processing the commodities into household size packages, and shipping them to locations within the states.

JUSTIFICATION OF INCREASES AND DECREASES

A decrease of \$23,000,000 in administrative funds for the temporary storage and distribution of commodities is requested.

Need for Change. The administrative funding available to State agencies to operate TEFAP has become disproportionate to the administrative burden associated with the program.

Legislation has consistently provided for a stable annual appropriation of \$50 million for State administration, despite a rapid decline in commodities available for distribution under this program. In Fiscal Year 1987, \$50 million in administrative funds were available to States to distribute approximately one billion pounds of food valued at about \$850 million. In Fiscal Year 1990 \$50 million was again available to States for administrative purposes. Yet in Fiscal Year 1992, the number of pounds projected to be distributed is less than half of that available in Fiscal Year 1987 (based on an estimated projection of 454 million pounds valued at about \$231 million dollars).

Nature of Change. The funding requested will maintain a more proportionate level of administrative funds to commodity availability.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Program Administration:

- For necessary administrative expenses of the domestic food programs funded under this Act, [\$96,778,000] \$113,856,000; of which [\$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law] \$3,700,000 shall not become available for obligation until September 19, 1992, for the Integrated Financial Management System: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

The first change deletes a provision applicable to Fiscal Year 1991 and is no longer necessary.

The second change limits budget authority for the Integrated Financial Management System in Fiscal Year 1992.

FOOD PROGRAM ADMINISTRATION

Appropriations Act, 1991.....	\$96,778,000
Budget Estimate, 1992.....	<u>113,856,000</u>
Increase in Appropriation	<u>+17,078,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1991 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1992 Estimated</u>
Child Nutrition	\$31,297,000	+\$2,806,000	+\$1,424,000	\$35,527,000
Special Milk	175,000	+15,000	+8,000	198,000
Supplemental Feeding	7,917,000	+710,000	+359,000	8,986,000
Food Stamp.....	55,357,000	+4,962,000	+6,519,000	66,838,000
Food Donations.....	<u>2,032,000</u>	<u>+182,000</u>	<u>+93,000</u>	<u>2,307,000</u>
Total Available	<u>96,778,000</u>	<u>+8,675,000</u>	<u>+8,403,000</u>	<u>113,856,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>: 1990 Actual</u>	<u>: 1991 Estimated</u>	<u>: Increase</u>	<u>: 1992 Estimated</u>
	<u>: Staff:</u>	<u>: Staff:</u>	<u>or</u>	<u>: Staff:</u>
	<u>: Amount</u>	<u>: Amount</u>	<u>: Decrease</u>	<u>: Amount</u>
	<u>: Years:</u>	<u>: Years:</u>		<u>: Years:</u>
1. Child Nutrition.....	\$29,598,000: 583	\$31,297,000: 589	+\$4,230,000	\$35,527,000: 589
2. Special Milk.....	165,000: 3	175,000: 3	+23,000	198,000: 3
3. Supplemental Feeding:	7,486,000: 148	7,917,000: 149	+1,069,000	8,986,000: 150
4. Food Stamp.....	52,350,729:1,031	55,357,000:1,037	+11,481,000	66,838,000:1,079
5. Food Donations.....	1,922,000: 38	2,032,000: 38	+275,000	2,307,000: 38
Unobligated balance....	205,271: —	—: —	—	—: —
Total, Appropriation....	91,727,000 :1,803	96,778,000:1,816	+17,078,000(1)	113,856,000:1,859

EXPLANATION OF PROGRAM

The Food Program Administration (FPA) appropriation funds Federal salaries and expenses necessary for the Food and Nutrition Service (FNS) to administer the U.S. Department of Agriculture's (USDA) domestic food assistance programs.

Overview. FNS was established August 8, 1969 to administer the food assistance programs. The program goals are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the nation's children, and to help America's farmers by providing an outlet for the distribution of foods purchased under farmer assistance authorities.

USDA began food distribution programs more than fifty years ago and used a variant of the current Food Stamp Program in the 1930's. Over the years, the programs shown in the following table were established and are currently in operation. Most FNS programs are operated in a Federal/State partnership, with State and local agencies administering the program at the actual service delivery level. The general complexity of the programs and the number of State entities that FNS must work with are key factors influencing FPA costs.

<u>Year Begun</u>	<u>Program Name</u>	<u>Number and Types of Non-federal Partners</u>	
1946	National School Lunch Program (NSLP)	56	State Education Agencies
		55	Food Distribution Agencies (Also, 20,400 School Food Authorities)
1955	Special Milk Program		(Essentially the same as NSLP)
1961	Food Stamp Program	53	State Agencies
		217,000	Food Retailers
		10,000	Financial Institutions
		37	Federal Reserve Banks
1965	Nutrition Program for the Elderly	59	State Agencies
1966	School Breakfast Program		(Essentially the same as NSLP)
1968	Child Care Food Program		(Essentially the same as NSLP)
1969	Summer Food Service Program		(Essentially the same as NSLP)
1969	Commodity Supplemental Food Program	20	State Agencies
1972	Special Supplemental Food Program for Women, Infants, and Children (WIC)	86	State Agencies (Also, 50,000 Food Retailers)
1976	Food Distribution Program on Indian Reservations	6	State Agencies
		86	Indian Tribes
1981	The Emergency Food Assistance Program	55	State Agencies
1982	Nutrition Assistance for Puerto Rico	1	State Agency

Responsibilities. FNS is responsible for paying the benefit costs and for paying a part of State administrative expenses for most food assistance programs. Depending upon how States have chosen to administer their part of the Federal/State partnership, FNS may work with State departments of human services, health, education, aging, agriculture, and/or State level commissions or other administrative units. When State law prohibits a State from disbursing program funds or where no State agency has assumed administrative responsibility, FNS assumes operation of the programs. In some programs, Indian tribal organizations function as State administering agencies.

FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Organization. Administrative functions of FNS are managed by an Administrator, an Associate Administrator and four Deputy Administrators. Each Deputy Administrator is responsible for management of program or administrative functions, as follows:

- Food Stamp Program - program planning, development and oversight related to the Food Stamp Program including retail store compliance and monitoring investigations through field locations.
- Special Nutrition Programs - program planning, development and oversight for Child Nutrition, Supplemental Feeding Programs, Food Donations Programs, National Commodity Processing and nutrition and technical services.
- Financial Management - accounting, budget and program information functions for all FNS programs.
- Management - personnel, civil rights and equal employment opportunity, automated data processing, management information, procurement, property and general administrative services.

Program operations are managed through seven regional offices, 64 field offices, and 24 additional satellite locations. These offices maintain direct contact with State agencies which administer the FNS programs and also conduct on-site management reviews of State operations and the 217,000 retailers authorized to accept food stamps.

For Fiscal Year 1991, FNS will concentrate on improving program administration and operations within existing law. The agency believes that greater emphasis on all aspects of program integrity and efficiency will result in improved benefit delivery to recipients. Major areas of emphasis in the administration of FNS programs include:

- Implementation of the Food, Agriculture, Conservation and Trade Act of 1990, P.L. 101-624, which reauthorized the food stamp and commodity distribution programs.
- Implementation of The Commodity Distribution Reform Act, P.L. 100-237, which mandated food distribution program enhancements which will make the system more responsive to recipient agencies.
- Implementation and monitoring of welfare reform demonstrations, and evaluating their cost and effectiveness.
- Continued development of procedures to increase consistency of policies and operations among the Aid to Families with Dependent Children, Medicaid, Supplemental Security Income Programs and the Food Stamp Program.
- Management evaluations of State operations, carried out by regional office personnel, by focusing on compliance with program regulations as well as general operational concerns, including local level reviews. In addition to management reviews, FNS is placing increased emphasis on systematic reviews of financial operations and reporting.
- Implementation of a long-term multi-pronged strategy to increase and enhance enforcement actions, and to provide program modifications which will help deter food stamp trafficking.
- Food Stamp Program quality control reviews, to assess the States' liabilities due to excessive error rates in issuance of benefits, and the determination of enhanced funding for States with low error rates. New standards and procedures for the quality control program established by the Hunger Prevention Act of 1988 are currently being implemented.
- Development of an Agency financial management system that meets the requirements of the Office of Management and Budget, General Accounting Office and Treasury for integrated financial systems.
- Installation of equipment acquired in FY 1990, including one microcomputer for each field office, and training of staff aimed at increasing integration among existing systems and efficiency of financial and program operation data handling.
- Initiation of the first phase of the State Connectivity Project, which includes an assessment of FNS reporting requirements and strategies to transmit reports electronically from States. FNS currently receives approximately 60,000 reports annually from State and local agencies.
- Implementation of outcome-based performance standards for the Employment and Training Program in the Food Stamp Program.
- Continuation of current demonstration projects testing the impact of Electronic Benefit Transfer technology on the Food Stamp issuance, redemption and reconciliation process, and extension of review of EBT technology for use in WIC.
- Implementation of P.L. 101-147, the Child Nutrition and WIC Reauthorization Act.
- Special Nutrition Program activities to improve program integrity, accountability, and quality control particularly for the school, child and adult care feeding programs, and the WIC program.
- Development, in coordination with the Department of Health and Human Services, of dietary guidelines for use in Child Nutrition Programs.
- Continued improvements in forecasting WIC economic impacts, and improved financial data systems to assist WIC State agencies in managing their caseloads more effectively.

- Continued development of the Coordinated Review System to assure that it effectively reduces over counting and claiming problems in the special nutrition programs; and exploration of alternate counting and claiming methods that may be able to reduce both burden and errors, with special emphasis on integrating Federal and State level reviews to insure effective resource utilization.
- Implementation of WIC vendor management improvement initiatives and proposed and final regulations to strengthen the integrity of vendor selection, training, monitoring and sanctioning.
- Continued development of the Processed Commodity Information Management System (PCIMS) which will create one database for three USDA Agencies to use to manage the Commodity Programs, and will make the programs more responsive to recipient agencies.
- Continuation of ongoing research and evaluation of FNS programs including activities to evaluate the impact of WIC participation on child health and development, explore the reasons why some eligible students do not participate in the school nutrition programs, and conduct Farm Bill mandated demonstrations of coordination between different Federal employment and training programs and other efforts to simplify welfare systems.
- Implementation of the Work Force Diversity initiative aimed at recruiting and retaining the most qualified individuals; and sensitizing employees to the importance of cultural differences and valuing diversity in the work force.
- Implementation of the Career Development initiative that will provide Agency-sponsored supervisory and skills development training and encourage/support employee self-development. This will allow for more effective supervisory guidance and counseling on performance and career development, afford each employee the opportunity to achieve his or her full potential, and increase the productivity of the Agency work force.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$17,078,000 for salaries and benefits and other expenses consisting of:

- (a) An increase of \$3,906,000 for funding of the 1991 pay and related increases and \$4,769,000 for funding of the 1992 pay and related increases.

- (b) An increase of \$8,200,000 to fund program initiatives consisting of:

Need for Change. The funds requested will provide the agency with resources to protect the Federal interest, improve the operation of the Food and Nutrition Service financial management systems, and meet the requirements for Electronic Benefit Transfer contained in the revised Food Stamp statute. Increased emphasis and resources will be devoted to program integrity in the Food Stamp Program.

Nature of Change. An increase of \$8,200,000 and 43 staff-years for additional support for continuing projects and new initiatives in Fiscal Year 1992 as follows:

- Food Stamp Strike Force (\$4,000,000 and 33 staff-years) — to combine the Food Stamp AntiFraud Strike Team authorized in the FACT Act with current efforts in FNS to promote program integrity. This new effort would attack fraudulent redemption of food stamps to deny abusers the ability to gain illegal profits. These additional FNS staff would allow the Agency to develop and implement new projects aimed at major food stamp launderers, as well as projects aimed at route and door-to-door sales operations, and unauthorized, previously disqualified firms. These projects require new, specifically tailored and more labor-intensive investigative techniques. In conjunction with FNS efforts, \$1 million of these funds will be made available to the Office of Inspector General to attack felony level food stamp trafficking and to support FNS activities. The objective is to ensure that the stamps are used by needy

households to purchase food and increase the program's nutritional impact.

- Electronic Benefits Transfer and Payment System (\$500,000) — for expansion of cost effective Electronic Benefit Transfer operations with recipients; development of program requirement, payment and settlement standards in support of these large scale Electronic Benefit Transfer operations, and establishing Electronic Data Interchange technology.
- Agency Financial Management System (\$3,700,000) — The Food and Nutrition Service has funded a requirements analysis and logical design for a new AFM system and in Fiscal Year 1991 will be installing new core accounting system software purchased in Fiscal Year 1990. The additional funds will be used to develop, document and implement several of the feeder systems that tie into the core such as budget development and execution, accounts receivable and grants management. These installations and continued support for additional future installations of the Agency Financial Management System will allow the Food and Nutrition Service to comply with the joint requirements of Office of Management and Budget, General Accounting Office and Treasury for financial systems as well as contribute to the President's objective for a governmentwide network of integrated financial systems.

(c) An increase of \$203,000 for travel and other operating expenses.

Need for Change. This increase will offset the rising cost of goods and services.

Nature of Change. Travel costs are increased by \$154,000 and all other expenses by \$49,000 for inflation.

GENERAL PROVISIONS

The estimates include General Provisions language as follows (new language underscored; deleted matter enclosed in brackets):

Section 601: Limits expenditures on consulting services obtained through procurement contracts to contracts of public record.

Sec. 601. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Section 602: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1992:

1 Sec. 602. Within the unit limit of cost fixed by law, appropriations
and authorizations made for the Department of Agriculture for the
2 fiscal year [1991] 1992 under this Act shall be available for the
3 purchase, in addition to those specifically provided for, of not to
exceed [612] 442 passenger motor vehicles, of which [607] 439 shall be
for replacement only, and for the hire of such vehicles.

The first change adds language making this section of the General Provisions applicable to fiscal year 1992.

The second and third changes revise the total number of passenger motor vehicles to be acquired in fiscal year 1992. The estimates propose the acquisition of 442 passenger motor vehicles. Of this amount 439 would be acquired to replace existing vehicles and 3 would be additions to the fleet. The three additional vehicles are for the Agricultural Marketing Service to supply transportation for additional cotton graders necessary to meet increased work load.

Section 603: Provides that funds available to the Department of Agriculture shall be available for uniforms or uniform allowances.

Sec. 603. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

Section 604: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

Sec. 604. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

Section 605: Prohibits the use of funds in this Act to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marijuana, or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

Sec. 605. No part of the funds contained in this Act may be used to make production or other payments to a person, persons, or corporations upon a final finding by court of competent jurisdiction that such party is guilty of growing, cultivating, harvesting, processing or storing marijuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.

Section 606: Provides that advances of money from any appropriation in this Act for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

Sec. 606. Advances of money to chiefs of field parties from any appropriation in this Act for the Department of Agriculture may be made by authority of the Secretary of Agriculture.

Section 607: Provides a limitation on the cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations.

Sec. 607. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: Provided, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

Section 608: Provides that certain funds are to remain available until expended. The following changes are proposed in this section for 1992:

- Sec. 608. New obligational authority provided for the following appropriation items in this Act shall remain available until expended: Public Law 480; [Mutual and Self-Help Housing;] Watershed and Flood Prevention Operations; Resource Conservation and Development; Colorado River Basin Salinity Control Program; Animal and Plant Health Inspection Service, [\$4,500,000] \$3,217,000 for the contingency fund to meet emergency conditions, [\$5,000,000 for the Grasshopper and Mormon Cricket Control Programs,] Integrated Systems Acquisition Project, and buildings and facilities; Agricultural Stabilization and Conservation Service, salaries and expenses funds made available to county committees; the Federal Crop Insurance Corporation Fund; Agricultural Research Service, buildings and facilities, and up to \$10,000,000 of funds made available for construction at the Beltsville Agricultural Research Center; Cooperative State Research Service, buildings and facilities; [Scientific Activities Overseas (Foreign Currency Program); Dairy Indemnity Program; \$3,500,000] \$4,000,000, for higher education [training] graduate fellowships grants under section 1417[(a)(3)(B)] (b)(6) of [Public Law 95-113] The National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152[(a)(3)(B)](b)(6) including administration expenses); [\$8,250,000] \$11,000,000 for a program of capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University; and buildings and facilities, Food and Drug Administration.

The first and fourth changes delete accounts for which no funds are requested.

The second change deletes language for Grasshopper and Mormon Cricket funds to remain available until expended because the Administration is not requesting a reserve for this program.

The third change provides no year funding for the APHIS Integrated Systems Acquisition Project, a 10-year contract for automated data processing procurements and equipment maintenance. This will allow any unused money to be carried forward into fiscal year 1993.

The fifth change clarifies language for the Cooperative State Research Service Higher Education Graduate Fellowships Grants, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, and adds language to provide for administrative expenses for the program.

Section 609: Provides that no part of any appropriation in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sec. 609. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Section 610: Provides a limitation on the amount of funds available to provide orientation and language training for families of officers and employees of the Department in anticipation of an assignment abroad of such officers and employees or while abroad, pursuant to Public Law 94-449.

Sec. 610. Not to exceed \$50,000 of the appropriation available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

Section 611: Provides that employees of the agencies of the Department of Agriculture may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized.

Sec. 611. Notwithstanding any other provision of law, employees of the agencies of the Department of Agriculture, including employees of the Agricultural Stabilization and Conservation county committees, may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized, and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, droughts, floods, and other acts of God.

Section 612: Requires that funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.

[Sec. 612. Funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.]

This change deletes the entire section 612. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out responsibilities to see that the programs of the Department are operated in the most efficient and effective manner.

Section 613: Limits expenditure of funds on contracts for services to those awarded in accordance with existing law.

[Sec. 613. No part of any appropriation contained in this Act shall be expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), pursuant to any obligation for services by contract, unless such executive agency has awarded and entered into such contract as provided by law.]

This change deletes the entire section 613. This provision is unnecessary because funds are expended on contracts for services that are awarded in accordance with existing law.

Section 614: Prohibits use of funds to enforce regulations that have been disapproved pursuant to a resolution of disapproval adopted by the Congress.

[Sec. 614. None of the funds appropriated or otherwise made available by this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.]

This change deletes the entire section 614. Funds of this Department are not available to implement regulations disapproved by the Congress in accordance with the applicable law of the United States.

Section 615: Specifies the minimum amount of certificates of beneficial ownership that must be sold by the Farmers Home Administration during the fiscal year.

[Sec. 615. Certificates of beneficial ownership sold by the Farmers Home Administration in connection with the Agricultural Credit Insurance Fund, Rural Housing Insurance Fund, and the Rural Development Insurance Fund shall be not less than 65 per centum of the value of the loans closed during the fiscal year.]

This change deletes the entire section 615. The language now restricts financing of the revolving funds by FmHA and may actually increase the interest costs to the revolving fund. Both the CBO sale to the FFB and Treasury borrowings are now treated as financing transactions. The Department has concluded that Treasury borrowing is a cheaper method of financing the funds. If FmHA would need to repurchase CBO's before maturity, FFB prepayment penalties would be very costly. Therefore, FmHA does not plan to sell CBO's to the FFB in 1992.

Section 616: Limits the negotiated indirect cost rates on cooperative agreements between the Department and nonprofit institutions to 10 per centum of the value of the agreement.

Sec. [616] 612. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

This change rennumbers the section due to deletion of other sections.

Section 617: Funds shall not be used to carry out any activity related to the phasing out of the Resource Conservation and Development Program.

[Sec. 617. None of the funds in this Act shall be used to carry out any activity related to phasing out the Resource Conservation and Development Program.]

This change deletes the entire section 617. The budget does not propose to eliminate this program.

Section 618: Ensures the Commodity Credit Corporation's right and obligation to sell surplus commodities in world trade at competitive prices.

Sec. [618] 613. None of the funds in this Act shall be used to prevent or interfere with the right and obligation of the Commodity Credit Corporation to sell surplus agricultural commodities in world trade at competitive prices as authorized by law.

This change renumbers the section due to the deletion of other sections.

Section 619: Enables the Secretary of Agriculture to provide commodities to individuals in certain hardship situations.

Sec. [619] 614. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

This change renumbers the section due to the deletion of other sections.

Section 620: Requires that before any funds may be paid from the Treasury, or any other fund of a Government corporation, with respect to laws made and credits extended to the Polish People's Republic, that Republic must have been declared to be in default of its debt or the President on a monthly basis, must justify payments as serving the national interest.

[Sec. 620. During fiscal year 1991, notwithstanding any other provision of law, no funds may be paid out of the Treasury of the United States or out of any fund of a Government corporation to any private individual or corporation in satisfaction of any assurance agreement or payment guarantee or other form of loan guarantee entered into by any agency or corporation of the United States Government with respect to loans made and credits extended to the Polish People's Republic, unless the Polish People's Republic has been declared to be in default of its debt to such individual or corporation or unless the President has provided a monthly written report to the Speaker of the House of Representatives and the President of the Senate explaining the manner in which the national interest of the United States has been served by any payments during the previous month under loan guarantee or credit assurance agreement with respect to loans made or credits extended to the Polish People's Republic in the absence of a declaration of default.]

This change deletes the entire section. This language is no longer applicable as there are no longer any outstanding guaranteed export credits with Poland. The last guarantee payments by the Commodity Credit Corporation for export sales to Poland were made in fiscal year 1985.

Section 621: Limits the expenditure of appropriated funds for space rental and related costs to that level included in the 1991 budget.

Sec. [621] 615. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year [1990] 1991 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.

These changes renumber the section due to the deletion of other sections and make this section applicable to fiscal year 1992.

Section 622: Requires that not less than twenty construction starts will be initiated in 1991, under the Watershed Protection and Flood Prevention Act, P.L. 566 (not less than twenty new projects), and the Flood Prevention Act, P.L. 534 (not less than five new projects).

[Sec. 622. In fiscal year 1991, the Secretary of Agriculture shall initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act (Public Law 566) and not less than five new projects under the Flood Control Act (Public Law 534).]

This change deletes the entire section. The 1992 budget proposes to initiate new projects; however, this change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 623: Provides that funds may be used for translating certain USDA publications.

Sec. [623] 616. Funds provided by this Act may be used for translation of publications of the Department of Agriculture into foreign languages when determined by the Secretary to be in the public interest.

This change renumbers the section due to deletion of other sections.

Section 624: Precludes the relocation of the FmHA State Office in Hawaii.

[Sec. 624. None of the funds appropriated by this Act may be used to relocate the Hawaii State Office of the Farmers Home Administration from Hilo, Hawaii, to Honolulu, Hawaii.]

This change deletes the entire section. This change is requested in order to permit the Secretary and his staff in the Farmers Home Administration the flexibility needed to carry out the mission of that agency.

Section 625: Exempts veterinarians from constraints on personal services contracts under existing law.

Sec. [625] 617. Provisions of law prohibiting or restricting personal services contracts shall not apply to veterinarians employed by the Department to take animal blood samples, test and vaccinate animals, and perform branding and tagging activities on a fee-for-service basis.

This change renumbers the section due to the deletion of other sections.

Section 626: Establishes minimum staff year floors for certain agencies.

[Sec. 626. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on full-time equivalent staff years below the level set herein for the following agencies: Food and Drug Administration, 8,259; Farmers Home Administration, 12,675; Agricultural Stabilization and Conservation Service, 2,550; Rural Electrification Administration, 550; and Soil Conservation Service, 14,177.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 627: Funds appropriated for one-year contracts which extend over two years are to be obligated in the year for which the funds are appropriated.

Sec. [627] 618. Funds provided in this Act may be used for one-year contracts which are to be performed in two fiscal years so long as the total amount for such contracts is obligated in the year for which the funds are appropriated.

This change renumbers the section due to the deletion of other sections.

Section 628: Funds may be applied only to the objects for which appropriations were made.

Sec. [628] 619. Funds appropriated by this Act shall be applied only to the objects for which appropriations were made except as otherwise provided by law, as required by 31 U.S.C. 1301.

This change renumbers the section due to the deletion of other sections.

Section 629: No funds are to be available to restrict the Commodity Credit Corporation from leasing space for its own use or to lease space for others when the space will be jointly occupied.

Sec. [629] 620. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

This change renumbers the section due to the deletion of other sections.

Section 630: Prohibits the release of information acquired in connection with the administration of marketing orders, other than aggregate data.

[Sec. 630. None of the funds provided in this Act may be expended to release information acquired from any handler under the Agricultural Marketing Agreement Act of 1937, as amended: Provided, That this provision shall not prohibit the release of information to other Federal agencies for enforcement purposes: Provided further, That this provision shall not prohibit the release of aggregate statistical data used in formulating regulations pursuant to the Agricultural Marketing Agreement Act of 1937, as amended: Provided further, That this provision shall not prohibit the release of information submitted by milk handlers.]

This change deletes the entire section. The Department considers the handler affiliation of particular growers and all other commercial or financial information submitted by handlers to be confidential and exempt from disclosure under the FOIA pursuant to the Agricultural Marketing Act of 1937.

Section 631: Prohibits the use of private debt collection agencies by the Farmers Home Administration.

[Sec. 631. Unless otherwise provided in this Act, none of the funds appropriated or otherwise made available in this Act may be used by the Farmers Home Administration to employ or otherwise contract with private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers.]

This change deletes the entire section. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 632: No funds made available under the Act shall be used to sell loans made by the Agricultural Credit Insurance Fund.

[Sec. 632. None of the funds in this Act, or otherwise made available by this Act, shall be used to sell loans made by the Agricultural Credit Insurance Fund. Further, Rural Development Insurance Fund loans offered for sale in fiscal year 1991 shall be first offered to the borrowers for prepayment.]

This change deletes the entire section. It is requested in order to allow the Secretary, his policy staff and program managers the flexibility needed to operate in the most efficient and effective manner. The fiscal year 1992 budget does not include sales of loans made by the Agricultural Credit Insurance Fund nor does it include any Rural Development Insurance Fund loan sales in fiscal year 1992.

Section 633: Limits the targeted export assistance program to \$175,000,000.

[Sec. 633. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a targeted export assistance program under section 1124 of the Food Security Act of 1985 if the aggregate amount of funds and/or commodities under such program exceeds \$175,000,000.]

This change deletes the entire section. Section 1124 of the Food Security Act of 1985 was repealed by section 1572 of the Food, Agriculture, Conservation, and Trade Act of 1990, and the targeted export assistance program was replaced by the market promotion program, which is carried out pursuant to section 203 of the Agricultural Trade Act of 1978, as amended.

Section 634: Limits the export enhancement program to \$425,000,000.

[Sec. 634. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out an export enhancement program (estimated to be \$900,000,000 in the President's fiscal year 1991 Budget Request (H. Doc. 101-122)) if the aggregate amount of funds and/or commodities under such programs exceeds \$425,000,000.]

This change deletes the entire section. The export enhancement program is carried out pursuant to section 302 of the Agricultural Trade Act of 1978, as amended. This provision unnecessarily limits the Department's ability to carry out an export enhancement program.

Section 635: Prohibits the use of funds to regulate the order or sequence of advances under approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank, or the Federal Financing Bank.

[Sec. 635. None of the funds in this Act, or otherwise made available by this Act, shall be used to regulate the order or sequence of advances of funds to a borrower under any combination of approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank or the Federal Financing Bank.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 636: Use available authorities to sell surplus commodities to foreign markets in order to regain and retain the U.S.'s fair share of the market, and authorizes the use of section 32 funds to purchase sunflower and cottonseed oil.

[Sec. 636. The Secretary shall use the authority available under section 32 and the Charter of the Commodity Credit Corporation to sell surplus agricultural commodities in world trade at competitive prices, as authorized by law, to regain and retain the United States' fair share of world markets. In fiscal year 1991, section 32 funds shall be used to purchase sunflower and cottonseed oil, as authorized by law, and such purchases shall be used to facilitate additional sales of such oils in world markets at competitive prices, so as to compete with other countries.]

This change deletes the entire section. Statutory authority to provide export assistance for sunflower and cottonseed oils is provided by the Commodity Credit Corporation Charter Act. This language is unnecessary and limits the Department's ability to carry out export promotion activities in response to changing conditions.

Section 637: Funding for pay raises are to be absorbed within funding levels appropriated.

Sec. [637] 621. Such sums as may be necessary for fiscal year [1991] 1992 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

This change rennumbers the section due to the deletion of other sections and makes the provision applicable to fiscal year 1992.

Section 638: Requires grantees receiving Federal funds to disclose the percentage of the total project or program cost that is Federally funded and the amount of Federal funds involved.

[Sec. 638. When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state (1) the percentage of the total cost of the program or project which will be financed with Federal money, and (2) the dollar amount of Federal funds for the project or program.]

This change deletes the entire section.

Section 639: Place a prohibition on the use of funds to pay indirect costs on research grants competitively awarded by the Cooperative State Research Service that exceed a specified level of direct costs.

[Sec. 639. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 14 per centum of total direct costs under each award.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 640: Prohibits the use of funds to establish any new office, organization or center, if funds have not been provided in advance.

[Sec. 640. None of the funds in this Act may be used to establish any new office, organization or center for which funds have not been provided in advance in Appropriations Acts, except the Department may carry out planning activities.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 641: Authorizes APHIS to use funds to contract for services outside of the United States which are necessary for carrying out activities abroad.

[Sec. 641. Funds available to the Animal and Plant Health Inspection Service (APHIS) under this and subsequent appropriations shall be available for contracting with individuals for services to be performed outside of the United States, as determined by APHIS to be necessary or appropriate for carrying out programs and activities abroad. Such individuals shall not be regarded as officers or employees of the United States under any law administered by the Office of Personnel Management.]

This change deletes the entire section 641. This section gives APHIS permanent authority to contract for services outside of the United States, therefore, it is unnecessary to continue to include this section in subsequent appropriations.

Section 622: Authority to reimburse employees for the cost of State licenses and certification fees.

Sec. 622. Notwithstanding any other provision of law, any appropriations or funds available to the agencies of the Department of Agriculture may be used to reimburse employees for the cost of State licenses and certification fees pursuant to their Department of Agriculture position and that are necessary to comply with State laws, regulations, and requirements.

This change is attributable to the Commercial Motor Vehicle Safety Act, which requires that States have an operational commercial license program by 1992. Commercial licenses will be issued to anyone operating a vehicle carrying more than 15 passengers, or over 265,000 pounds, or transporting hazardous waste that requires placarding. A single license will cover commercial as well as private operation. The Act sets minimum Federal requirements, but States may set more restrictive licensing and certification requirements. Possession of a commercial license will become a condition of Federal employment and these licenses will be more expensive than regular licenses. This change will allow this appropriation to reimburse employees for costs they incur in obtaining licenses as required by the Act.

Section 623: Authority to pay for incidental expenses of volunteers and promotional items relating to the Department's volunteer programs.

Sec. 623. Funds provided in this Act may be used for incidental expenses such as transportation, uniforms, lodging, and subsistence for volunteers serving under the authority of 7 U.S.C. 2272, when such volunteers are engaged in the work of the U. S. Department of Agriculture; and for promotional items of nominal value relating to the U. S. Department of Agriculture Volunteer Programs.

This change is requested to provide authority for USDA to pay for incidental expenses in connection with the use of volunteers and to purchase promotional items of nominal value to encourage participation in USDA volunteer programs. For example, volunteers make an essential contribution to the accomplishments of soil and water conservation program objectives in SCS. During fiscal year 1990, over 300,000 hours of work were contributed by volunteers, the equivalent of about 150 full-time staff years. This program continues to play an important role in enabling SCS to support implementation of the Farm Bill conservation requirements, and to continue assistance for other basic conservation district priorities.

Section 624: Authority for the States to transfer funding provided for the Commodity Supplemental Food Program to the Special Supplemental Food Program for Women, Infants, and Children (WIC) Program, with prior notification of Congress.

Sec. 624. Notwithstanding any other provision of law, with the Secretary's approval, States may transfer their share of the funding provided in this act for the Commodity Supplemental Food Program to the Special Supplemental Food Program for Women, Infants, and Children. The Secretary shall notify Congress ten days in advance of such transfers.

This change is requested to provide States the flexibility to use funds most efficiently to target assistance to those in need. Funds not needed to serve women, infants, and children, and the elderly in the CSFP would be made available to provide services to women, infants, and children in the WIC Program.

